



Department of Defense
Mechanization of Contract Administration Services
Rehost Project



As-Is Documentation

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Introduction

Background

This document is submitted as an attachment to the Mechanization of Contract Administration Services (MOCAS) Re-host contract. The as-is documentation only represents a high-level approximation of MOCAS. It is based on incomplete and/or outdated documentation.

Purpose

The purpose of this As-Is documentation is to provide basic technical information and system metrics on the existing MOCAS system and to facilitate an understanding of size, scope and complexity.

Introduction

As stated within the background of the Statement of Work, the system is approaching its fourth decade of existence. The application programs have been modified throughout those years. During the life of the system, there has been personnel turnover for the programs. The vast majority of the personnel involved with the design, major redesigns and modifications to the system are long since gone however a few remain.

The basic system documentation has not been maintained for the past twenty years or is totally nonexistent. There is no database or overall system specification, data dictionary or program unit specifications. In many instances the programs do not include a narrative purpose statement and there are no comments identifying what modifications were made and why. It should be assumed that the programs are not structured and include a lot of dead code. It is also recognized that there are programs in the library that are no longer linked to online menus or the JCL for actual execution. Similar situations exist for database files that are no longer being updated or may not be needed anymore. It is also recognized that although files may include a data element by the identical name, its meaning and purpose may be different.



Document Organization

The As-Is document is organized to present the information in the following manner:

- Current Business Process Description
- MOCAS Environment Overview
- Appendices – MOCAS As-Is Technical Information

MOCAS Entitlement Business Process Description

Provides a high level description of the current main functional business processes in the current MOCAS payment operations environment.

MOCAS Environment Overview

MOCAS system can be divided into distinct subsystem structures. Each of these subsystem structures supports specific business functions within DCMA and DFAS. The applications that make up the subsystems represent a combination of mainframe, mid tier and personal tier programs. These include:

- Contract Maintenance
- Material Control
- Financial Management
- Contract Management
- Quality Management
- Program and Technical Support
- Management Information (No longer used by DFAS or DCMA)
- Systems Support



Shared Data Warehouse (SDW)

Although commonly referred to as a MOCAS “interface”, the SDW is in fact an integrated extension of the MOCAS SUPRA resident database. Functioning as an extension of MOCAS, the SDW provides reporting and query capability to DFAS and DCMA users.

Attachments – MOCAS Technical Information

The following attachments (each a separate file) provide specific technical information for the current MOCAS. These include:

1. **COTS/GOTS Software** - identifies the commercial and government owned software, vendor, version and general purpose. ([MOCAS COTS and GOTS ver5.doc](#))
2. **MOCAS COBOL Programs** - lists the program id, program name and lines of code. ([MOCAS COBOL.xls](#))
3. **MOCAS Mantis Programs** - lists the program id, program name and line of code. ([Mantis Programs.xls](#))
4. **MOCAS Job Control Language by Database and Cycle** – Lists the job name, job description, lines of code and relationship to each of three production databases and the various batch cycle schedules. ([MOCAS Batch Cycle JCL ver2.xls](#)) ([MOCAS File Schema Report supporting charts.doc](#)) ([Production Property diagram.doc](#)) and ([mocgdly.doc](#)).
5. **MOCAS Batch Processing Durations** – Provides the actual elapsed times for the batch cycle processing during 2002. ([Batch Statistic CY02.xls](#))
6. **MOCAS Internal Response Times** – Provides the actual number of online transactions processed, average internal response time and percent of transactions which executed under one and three seconds. ([MOCAS Response Times.xls](#))
7. **MOCAS System Interfaces** – Provides the system acronym, name, translator, type (inbound/outbound), transactions, general description, method of exchange and frequency for each of the forty-nine external systems MOCAS exchanges data with electronically. ([MOCAS Interfaces ver4.xls](#))



8. **MOCAS Database/File Schema** – Provides the physical database schematic for each of the Supra database files. ([MOCAS File Schema Report ver5.doc](#))
9. **MOCAS Files Sizing Metrics** – Provides the applicable databases, logical record length, allocated and actual number of records and bytes for each of the Supra database files. ([MOCAS File Size ver2.doc](#))
10. **Columbus Mainframe Connectivity** - Provides a graphical depiction of the hardware and telecommunications infrastructure supporting the current developmental and testing environments. ([DECC Architecture.ppt](#)) ([DISA Technical Architecture.doc](#))
11. **MOCAS User Manuals** – DLAM 7000.5, last updated version.



MOCAS Entitlement Business Process Description

This section describes the business processes within the contract payment organization, known as the Contract Entitlement Directorate at DFAS-CO. It consists of a review of the contractual and financial transactions as they enter the contract payment process, the analysis and processes during the payment process, the processing of payment to the contractor, and financial reports to the services.

Contract Entitlement Directorate Profile

The **Defense Finance and Accounting Service Columbus Center, Columbus, Ohio** (DFAS-CO) was established in January 1991 to consolidate payment functions previously carried out by the Defense Logistics Agency Finance Center, the Defense Contract Administration Services Regions, and their paying organizations. The mission of the DFAS Columbus Center's contract payment office is to make payments according to contractual, legislative, and regulatory requirements.

The DFAS Columbus Center, **Contract Entitlement Directorate**, makes contract payments using Army, Air Force, Navy, and other Defense agencies' appropriated funds. The DFAS Columbus Center processes about 80 percent of DoD contract payments using the Mechanization of Contract Administration Services (MOCAS) system. The Contract Entitlement Directorate (CED) pays approximately 380,000 contracts in support of over 25,000 defense contractors. The CED processes an average of 90,000 invoices per month. Processed invoices include those paid and those returned to contractors. Monthly disbursements during FY 02 averaged approximately \$9 billion.

In the current business environment, the Defense Contract Management Agency (DCMA) is one of several critical process partners and works jointly with DFAS to resolve both contractor payment and contract administration concerns. DCMA provides contract management for the procurement of aircraft, space launch vehicles, medical and subsistence items, electrical and electronic commodities, military vehicles, petroleum, chemicals, lumber, etc. In addition, DCMA is responsible for price/cost analysis, overhead and contractor system reviews, property and plant clearance, transportation and packaging, termination settlements, performing quality assurance functions to ensure products conform to contractual specifications, and providing technical support by analyzing costs, schedule, and technical performance of contractor programs and systems.

MOCAS is the integrated system used to support post-award contract administration. The system is utilized by the Contract Administration Offices (CAO), the payment office, procurement managers, funding stations, and consignees. MOCAS is designed to provide:



- DCMA with information necessary to accomplish their mission for contract administration, production, and quality assurance.
- Management, financial and inventory data to customers (services), buying offices, funding offices, and inventory managers.
- Payment to contractors or their designees.
- Financial reports to the military services for transmission to the Office of the Secretary of Defense (OSD), Treasury, or General Accounting Offices.
- Automatic closure of contracts as prescribed by the Federal Acquisition Regulation (FAR).

The MOCAS financial subsystem is made up of distinct sections. These sections contain all the information necessary for the research and payment of an invoice. They include:

- **Basic Contract Data Records:** Includes the contractor name and address, type of contract, progress payment recoupment/liquidation rates, effective date, buying activity, etc. One record per contract.
- **Accounting Data Records:** Includes the ACRN, Fund Code, Limit, and all other long line of accounting elements, ACRN obligation amount, ACRN unliquidated obligation, accounting station, etc. One record per ACRN.
- **Contract Line Item Records:** Includes the CLIN, quantities ordered, quantities shipped, and quantities accepted, unit price, purchasing unit, inspection and acceptance sites, etc. One record per CLIN.
- **Shipment Schedule Records:** Includes the CLIN, ACRN to be used for payment, ship-to/mark-for codes, scheduled delivery date, etc. There may be multiple schedule records per CLIN record.
- **Shipment Records:** Includes the details concerning shipments made by the contractor. Includes shipment numbers, CLIN and quantity shipped, quantity accepted, date accepted, etc. One CLIN per record, multiple records per shipment number.
- **Financial History Files:** Includes the ACRN, Fund Code, appropriation and long line of accounting, accounting station, all obligation and disbursement transactions by voucher number, shipment number, date, type of payment, and amount of transaction.
- **Invoice History Files:** Includes the invoice number, date, amount, shipment number, date paid, etc.
- **Document Inventory File:** Includes a listing and status of all modifications processed against a contract.

Fund control and disbursing functions are an integral part of MOCAS. Manual contract data input transactions, Military Standard Contract Administration



Procedures (MILSCAP), and Electronic Data Interchange (EDI) transmissions create the obligation records in the system. DFAS-CO is responsible for maintaining the Contingent Liability Record (CLR) for entry of all obligations by military service, processed from new contracts, modifications, adjustments, and computer-generated obligations (Subtransaction codes Q (Quantity Variation), D (Discounts), T (Transportation), and L (Liquidated Damages)). The disbursement process in MOCAS utilizes transaction codes to identify the account from which the funds are to be extracted. As with all other amounts paid to the contractor, any transaction code amounts must be contractually supported. Transportation, Quantity Variation, and Discounts are generally incorporated into the contract with clauses and terms. Funding is provided for the transaction codes; however they do not receive obligated dollars initially. Such transaction codes are self-obligating at the time of the disbursement. The amount of the obligation is determined at the time the entitlement is determined. Transaction codes Q (Quantity Variation), T (Transportation), L (Liquidated Damages), and D (Discount) will have automatic obligation transactions produced mechanically by the system. The following transaction codes are not self-obligating: W (Work in Progress - Army, DLA, Air Force), 6W (Work in Progress - Navy), H (Withhold), and A (Advance Payments).

In addition to MOCAS, the following systems are also utilized at DFAS-CO in performance of the entitlement function:

- **Contract Inquiry System for Tracking and Reporting (CISTR):** CISTR is a single system to incorporate independent MOCAS contract tracking and reporting applications into an integrated application on a central Oracle database. The modules currently deployed are the Contract Deficiency Notice (1716), the Management Information Network (MIN), the Reconciliation Assignment and Tracking System (RATS), the Customer Service Call Tracking System, and the Prompt Payment Interest Tracking system
- **Vendor Pay Inquiry System (VPIS):** Contractors, whose invoices are paid by MOCAS, can electronically access VPIS to inquire about invoice status by CAGE Code
- **Contract Reconciliation System (CRS):** CRS is menu-drive PC/LAN based application used to reconcile contractual and financial data in MOCAS to source documents. This system incorporates Coding Automation (CA), Financial Reporting (FR), and Reconciliation Automation (RA).
- **Entitlement Automation System (EAS):** EAS is a Windows application designed to automate aspects of the manual entitlement process. The system is composed of a logical series of screens which enable the Voucher Examiner and other designated personnel to view invoice information including the Contingent Liability Record (CLR) and Material Acceptance and Accounts Payable Report (MAAPR) of any particular



contract within their purview and make payments. The system eliminates the entry, batching, and re-keying of the DFAS-CO Fm 457, Fiscal Information Posting Slip, in MOCAS by using flashpoint to upload the data to MOCAS. The system also automatically generates the DFAS-CO Fm 477, Advice of Payment and systemically passes it to EDM for filing in the contract folder.

- **Electronic Document Management (EDM):** The EDM system converts hard copy contractual documentation into electronic documents and provides a means for the electronic documents to be routed through the CED. EDM is composed of three different technologies: Imaging, Electronic Foldering, and Workflow. EDM receives files from MOCAS during the nightly batch cycle which trigger the routing of workflow cases for invoices to the proper functional area. EDM also passes data to MOCAS for the input of invoices, preventing the need to re-key data input at the time of EDM tier II indexing.
- **Electronic Document Access (EDA):** EDA is a software package which uses the World Wide Web to allow contractual documents to be viewed online by multiple users simultaneously.
- **Mechanization of Reports Distribution (MORDS):** MORDS is the report distribution system which distributes output products from supported mainframe applications based on data contained in MORDS control files. Reports are sent to printers and the Online Reports System (ORS).
- **Online Report Viewer (OLRV):** OLRV provides storage for MOCAS reports and data for viewing online versus printing. The system is also used for downloading electronic information for research and reporting purposes.

Current Organization & Workload Distribution

The **North, South and West Entitlement Operations** are organized as single payment offices. The Contract Input, Tier II Indexing, Entitlement, and Line Item Research functions are further broken down into teams. Each team after tier II is responsible for working an assigned sequence of contractual terminal digits (TD). To distribute workload in terminal digit (TD) sequence, the Procurement Instrument Identification Number (PIIN), or contract number, is sequenced based on the last two digits of the contract number. For example, 56 is the TD for the contract DAAH01-89 P3856. Note: When contract files are filed in the Files Area, the process of sorting workload into terminal digit sequence is stratified further, based on all 13 or 17 positions of the PIIN. The Customer Service function distributes work alphabetically based on the contractor's name. The Contract Closeout function distributes work based on the ACO code assigned to the contractor. The mailroom receives contracts, modifications, invoices, and receiving reports and sorts by payment office. The documents are then



forwarded to the Document Capture Center (DCC) for scanning into EDM. EDM converts hard copy contractual documentation into electronic documents and provides a means for these electronic documents to be routed through organization per current business practices

Terms and Definitions

ACO - Administrative Contracting Officer

ACRN - Accounting Classification Reference Number A two position alpha/numeric code that identifies a specific Long Line of Accounting allocated to a contract.

Appropriations in the Red (i.e. H-STOP) - The Comptroller of the Department of Defense memorandum, dated March 31, 1994, subject: Negative Unliquidated Balances/Disbursements in Excess of Obligations, directed the implementation of certain policy guidance for adverse accounting conditions. Specifically, if disbursements exceed obligations at the appropriations level and the appropriation manager does not have unobligated balances available in amounts that equal or exceed the difference, payments will be stopped immediately until the condition has been corrected.

Cancelled Appropriations - Funds are appropriated for a specific period of time. At the end of this period, the appropriation is cancelled in accordance with Title 31 U.S.C. 1552, 1555, or 1557. Such appropriations (accounts) are not available to incur new obligations or disbursements for any purpose.

CED - Contract Entitlement Directorate

CLR - Contingent Liability Record - A financial control ledger in MOCAS that all transactions are validated against and updated. Transactions include any activity that affects obligation, disbursement or unliquidated obligation balances at the contract, ACRN, or subsidiary account levels. Actual balances at the Funding Station may differ from the MOCAS database. Records contain the following for each accounting classification cited on a prime contract:

- obligations,
- unliquidated obligations (ULO),
- discounts (D),
- transportation (T),
- progress payments (W/6W),
- quantity variation (Q),



- withholds (H),
- liquidated damages (L)
- advance payments (A)

Transaction codes D, T, L and Q are self-obligating.

Contract - Any agreement, subcontract, purchase order, delivery order or Basic Order Agreement (BOA), or notice of award assigned for full or limited administration.

Credit ULO - Credit Unliquidated Obligation - See the explanation for *Negative ULO*.

DCMA - Defense Contract Management Agency

Debit WIP - A financial condition that exists on the Contingent Liability Record (CLR) WIP line at the ACRN level. The debit WIP condition is caused by liquidating (Recoupment) dollars in excess of the dollars Progressed (paid) on the ACRN(s) WIP line. The disbursement process in MOCAS utilizes transaction codes to identify the account from which the funds are to be extracted. As with all other amounts paid to the contractor, any transaction code amounts must be contractually supported. Work in Progress is identified on the CLR as W - Army, DLA, Air Force or 6W - Navy.

Disbursement - The amount of the obligation paid to the contractor for goods and or services that have been received and accepted by the government. Disbursements can also include; work in progress, discounts, transportation, quantity overruns, advances, etc.

Material Acceptance and Accounts Payable Report (MAAPR) - This report is generated when an invoice has been input and automatically reviewed for eligibility for Automatic Payment of Invoice (API) or when a DD Form 250 is input for an invoice already in the system.

NULO - Negative Unliquidated Obligation: The condition that exists on the CLR when the amount of dollars expended on a contract appropriation (ACRN) exceeds the amount of dollars authorized for expenditure by the contract. NULO conditions can exist at the contract level also.

Obligation - The amount of dollars authorized for expenditure by a contract and any subsequent modifications.

PIIN - Procurement Instrument Identification Number, or the contract number

Prevalidation - This is a requirement of the Grassley Amendment to Acquisition Reform Bill H.R. 4650-56, Section 8137 of Public Law 103-335, and Senate Report



104-286. The law requires the Secretary of Defense to match DoD disbursements to specific obligations in the official accounting record prior to disbursement.

Reconciliation - This is the process of financially balancing the MOCAS Contingent Liability Record (CLR) to the contract, contract modifications, and disbursements.

Recoupment - The amount of funds deducted from invoice payments in order to liquidate funds previously progressed to the contractor. The total recoupment amount should not exceed (recoupment rate times invoiced gross or) the available work in progress (WIP) balance. The disbursement process in MOCAS utilizes transaction codes to identify the account from which the funds are to be extracted. As with all other amounts paid to the contractor, any transaction code amounts must be contractually supported. Work in Progress is identified on the CLR as W - Army, DLA, Air Force or 6W - Navy.

SPIIN - Supplemental Procurement Instrument Identification Number: If applicable, this is the *call* or *order* number which follows and becomes a part of the contract number.

ULO - Unliquidated Obligation is the balance of funds remaining on a contract for disbursement. The ULO is the difference between the obligation and the disbursement amounts.

WIP - Work In Progress is the amount paid to the contractor prior to shipment of goods. The ACO authorizes work in progress payments. The disbursement process in MOCAS utilizes transaction codes to identify the account from which the funds are to be extracted. As with all other amounts paid to the contractor, any transaction code amounts must be contractually supported. Work in Progress is identified on the CLR as W - Army, DLA, Air Force or 6W - Navy.

Current Business Processes

Contract Input

All contracts assigned to DCMA for contract administration and DFAS Columbus CED for payment must be established in the MOCAS database. The initial contract and all subsequent contract modifications are resident in MOCAS for the life of the contract until closeout actions and systemic purges of data and files occur. Personnel in this area are Supervisors, Lead Contract Data Input Technicians, Contract Data Input Technicians or Financial Data Clerks.

Data is currently received in one of three ways: 1) Electronic submission (EDI 850 transaction sets and MILSCAP); 2) Hard copy; 3) Via the DOD Electronic Document Access (EDA) Web. Hard copy contracts and EDA transmission require manual entry of contractual data into MOCAS.



Hard copy contracts are submitted using several different forms. The DD Form 1155, Order for Supplies or Services is the most commonly used form to purchase supplies and services. Other forms used include the SF 26, Award/Contract, the SF 33, Solicitation, Offer and Award, the SF 1447, Solicitation/Contract, the SF 1449, Solicitation/Contract/Order for Commercial Items, and the DD Form 2222-2, Short Form Research Contract Research Proposal. The SF 30, Amendment of Solicitation/Modification of Contract, is used when changes, additions, or deletions are made to a contract.

The Contract Management Division, Contract Input teams:

Establish contract and modification receipts in the MOCAS automated inventory system. This process today is referred to as backlogging. Backlogging contracts and modifications is one effective means of identifying workload in-house that must be input into MOCAS. This input will serve as the primary source of information for the following: Total number of documents received; process time from document receipt to system update; productivity and effectiveness; rejection of duplicate documents; backlog of documents on hand by day; and a method to inquire for current contractual status for both DCMA and DFAS.

Analyze, interpret, and convert each contractual document assigned for payment to the appropriate mechanized file format applicable to contractual administrative, financial, and line item data. When the contract is received in hard copy or via EDA, personnel manually input the data into MOCAS to populate the Contract Data Record, the Provisions Data Record, the Payee Name and Address Record, the Remarks Data Record, the Accounting Classification Record(s), the Supply Line Item Record, the Supply Schedule Data Record, and the Service Line Item Record. In a joint initiative with DCMA, the CED identified “ownership” of MOCAS data elements.

- **The Contract Data Record:** The information in this record is used by both DCMA and DFAS CED personnel. For this data record, the Payment Office Code (PAYG-OFC) was identified as solely critical to DFAS, thereby directly impacting financial business practices. In addition, the following fields were identified as applicable to both financial and contract administration processes: the CAGE Code (FSCM), the Administration Office Code (ADMIN-BY), the Foreign Military Sales indicator (FMS-RG-IND), the Type of Contract code (TY-CONTR-CD), the Functional Limitation code (FUNC-LMTN), the effective date of the contract (EFF-DT), the signature date (DT-OF-SIGNR), the Special Contract Provisions data (SPC-CPN-PVN), the Total Amount of the Contract (TOTAMT-CONT), the Department Code (DEPT-CD), the Buying Activity Code (BUY-ACTY-CD), the Contract Administration Report (CAR) part number (CAR-PARNO), the CAR section number (CAR-SEC-NO), the Type of Contractor Code (T-CONTRR-CD), and the Contract Assignment Code (CON-ASGM-CD). DCMA claimed ownership of all others fields in this data record.



Upon input of the CAGE code, the code is validated against a mechanized table that contains all valid CAGE codes. This table is known as the Master Address File. The MAF contains the CAGE code in addition to contractor name and address as associated with the CAGE, attribute data necessary for administering the contract to include the ACO code, quality assurance information, property administration data, and the Department of Defense Activity Address Code (DoDAAC) of the impacted DoD activities, etc. The Financial Control Division is responsible for maintaining this table through coordination with the Defense Logistics Information Services (DLIS) in Battle Creek, MI. DLIS is responsible for maintaining all contractor CAGE data to include Attribute Data. Attribute data is necessary for contract administration and therefore DCMA is also critical to this business process.

- ***The Provisions Data Record:*** The information in this record is used by both DCMA and DFAS CED personnel. It is during the input of the provisions data record that most FAR-governed clauses will be identified and coded into MOCAS. The following fields were identified as critical to DFAS only: Discount Terms (DISCNT-TRMS), Discount Days (Net) (DISC-DY-NET), Other Discount Terms (DISC-IN-OTH), Payment Currency (PMT-CURRENCY), Auditor Approval (AUDTR-APRVL), Mandatory Review code (RVU-CONTRS), Destination Shipment Requirements (DSTN-SHP-RQ), Freight Charges (FRT-CRG-AUT), Shipping Weight/Dimensions (SHPG-WT-DIM), and the Name and Address Indicator (NAM-ADR-IND). Fields identified as critical to both payment and contract administration processes include: Work In Progress Ceiling percentage (CEIL-PCT), U.S.WIP Payment Percentage (PMT-PCT), U.S. recoupment percentage (US-RCP-PCT), Foreign Military Sales Payment percentage (FMS-PMT-PCT), FMS recoupment percentage (FMS-RCP-PCT), Fee Amount Payable to the Contractor (FEE CONTR), Cost Amount Payable to the Contractor (CST-CONTR), Minimum Size Shipment (MIN-SIZ-SHP), Liquidated Damages (LQD-DMG-IND), Technical Data (TEC-DATA-RQ), Special Tooling (SPCL-TOOLNG), and Inspection/Acceptance Code (INS-ACPT-CD). DCMA identified sole ownership of the Value Engineering Indicator (VAL-ENG-IND).
- ***The Payee Name and Address Record:*** The information in this record was identified as critical to DFAS operations only. The record contains the remittance information identified in the contract. If the contract identified a remittance address other than that associated with the CAGE, it would be reflected in this record.
- ***The Remarks Data Record:*** The information in this record is used by both DCMA and DFAS CED personnel. The Remarks Data Record is used to document actions relative to the activity on the contract. For example, if the contract is reopened or manually moved to another Contract Administration Report (CAR) section, the contract input technician would identify this information in the Remarks Data Record. DFAS identified the R4 and R8 remarks as necessary for financial operations. The R5, R6, and R7 remarks



were identified as applicable to both activities. DCMA claimed ownership of all other data elements.

- ***The Accounting Classification Record:*** The information in this record is critical to financial operations. All data elements were identified as DFAS-owned. The long line of accounting is validated for all obligation and disbursement transactions against a mechanized table that contains all valid appropriations. This table is known as the Appropriation Master File. The primary function of the Appropriation Master File is to provide data used in the contract abstract validation process of the Accounting Classification Record. Additionally, data contained in these files are used in the creation of the subvouchers and in the preparation of the Accrued Expenditure reports. The Appropriation Master File at DFAS is maintained by the Financial Control Division and is updated both through on-line interactive screens and electronically via several files received from the various DoD components. Personnel in this area perform all changes, additions, or deletions to the file. The Accounting Classification Record establishes obligation values at the ACRN level. It is the basis for the Contingent Liability Record (CLR) for validating financial controls.
- ***The Supply Line Item Record.*** The information in this record is used by both DCMA and DFAS CED personnel. DFAS identified the following data elements as strictly financially related: Estimated Quantity Indicator (ORD-QTY-IND), the Estimated Price Indicator (EST-PRC-IND), the Unit Price (UNIT-PRC), and the Financial Action Code (FIN-ACTN-CD). The following elements were identified as jointly owned: the CLIN/ELIN data, the Quantity Ordered (ORD-QTY), the Purchase Unit (PRCH-UNIT), the Acceptance site (ACPT-SITE), the Free On Board Site (FOB-SITE), Overrun and Underrun information (QT-PC-OVR-1/QT-PC-UND-1), Liquidated Damages Indicator (LQ-DAMG-IND), Withhold data (WHLD-CD), First Article Acceptance data (ACT-FRST-AR), the Accounting Classification Reference Number (ACRN), and the Inspection/Acceptance Code (INS-ACPT-CD). DCMA claimed ownership of all other data elements.
- ***The Supply Schedule Data Record:*** The information in this record is used by both DCMA and DFAS CED personnel. DFAS identified the Exhibit data (CLISUB-XHIB) as critical to payment processes. In addition, the CLIN/ELIN data, Delivery Schedule Quantity (DLV-SCH-QTY), the Transportation Priority (TRNS-PRI-CD), and ACRN were identified as critical to both payment and contract administration processes. DCMA claimed ownership of all other data elements. Supplies and services may be established and managed as CLINs. However, financial controls are maintained at the ACRN level. Therefore, CLINs are always associated with ACRNs.
- ***The Service Line Item Record:*** The information in this record is used by both DCMA and DFAS CED personnel. DFAS identified the following data elements as critical to payment processes: ACRN, Total Amount Indicator (TOT-AMT-IND), Total Item Amount (TOT-ITM-AMT), and the Financial



Action Code (FIN-ACTN-CD). In addition, the following data was identified as critical to both processes: CLIN/ELIN, the Description of Services (DESCR-SVC), the Procurement Quality Assurance Site (PQA-SITE), Acceptance Site (ACPT-SITE), Liquidated Damages Indicator (LQ-DAMG-IND), Withhold information (WHLD-CD), and the Inspection/Acceptance Code (INS-ACPT-CD).

Review and correct contractual data received via MILSCAP and EDI transmissions. The current process to review electronic contract transmissions is a manual process. MOCAS reports are generated to alert personnel of the electronic transmission. In addition, a suspense file is maintained until the hardcopy or EDA transmission is received. Upon receipt of either the hard copy contract or via EDA, the contract data input technician reviews the data that electronically populated MOCAS to ensure it accurately reflects the information contained in the contract. All contract clauses, special payment instructions, and contractor remittance addresses must be manually input into MOCAS as this data is not transmitted in standardized formats. In addition, the contract input technician corrects any erroneous information at this time.

Process modifications. Like the contract, modifications can be received in hard copy, via EDA, or electronically via the ACO Mod interface. Depending on the required modification action, personnel manually input the data into MOCAS to populate/correct/update the Contract Data Record, the Provisions Data Record, the Payee Name and Address Record, the Remarks Data Record, the Accounting Classification Record(s), the Supply Line Item Record, the Supply Schedule Data Record, and/or the Service Line Item Record. In instances where the modifications create Negative Unliquidated Obligation (NULO) conditions, contract input personnel are responsible for coordinating the modifications with Accounts Receivable and Contract Reconciliation areas.

Issue Data Deficiency Reports (DD 1716). If the contract does not pass the system validations or the document contains erroneous, missing, or incomplete information, the contract data input technician will prepare a DD 1716 identifying the problem(s) and send the form to the Administrative Contracting Officer (ACO) and/or Procurement Contracting Officer (PCO) for resolution. The DD 1716 information is logged into the CISTR DD 1716 application to track/monitor until the deficiency is corrected.

Process transfer in and transfer out of contracts from and to internal and external payment offices. When a contractor relocates or consolidates, this can sometimes cause the Payment Office and/or CAO to change. CED personnel handle contractual documents for transfers-in and out to external payment offices, and internal transfers within the CED. Each transfer in/out is documented with a contract modification which states the old and new payment office and/or CAO. Contracts that transfer out of the Columbus Center or into the CED from an external office require a Certification of Funds. For internal DFAS Columbus transfers, if the data cannot be transferred systematically (i.e., from one payment office to another, or from one database to another), the



information must be manually input into the gaining database and deleted from the losing database. MOCAS maintains a set of transfer programs to accommodate the transfer of contacts between MOCAS paying offices. These programs are usually run after month end processing. If the contract is transferred out of the CED, the information is deleted from the losing database.

Correct MOCAS data. Requests to correct erroneous contract data can be generated from CED personnel, the DCMA community, buying activities, and accounting stations. If an activity determines that information has been erroneously input into MOCAS, or if certain information was not input, based on the existing contractual document, they can request that contract data input correct the discrepancy. In addition, the current process partnership with DCMA allows for some individuals within the DCMA community to have the ability and systems access to correct certain MOCAS data elements. They are referred to as Trusted Agents. Trusted Agents are nominated by the CAO commanders and have limited MOCAS access. Trusted Agents are prohibited from the following changes: CLR (Contingent Liability Record/Accounting Classification Data Record) changes, CAGE/Contractor Address changes, and Movement of Contracts to Section 4. Access is monitored by DCMA and DFAS, Office of Internal Review.

Process Contract Reopens. The standard time for contract closing is categorized based on the type of contract and the number of months after physical completion; varying from 3 to 36 months. Ideally, contracts should automatically move in MOCAS from Section 1 to 2, then to 5. Subsequent to the contract closing in Section 5, there are two system-generated sections (8 and 9) assigned to closed contracts on a month-end basis. Section 8 is assigned to those contracts in Section 5 during the month. Section 9 is assigned to those contracts in Section 8 during the month. On a monthly basis, the system reviews all Section 9 contracts to determine if the close date is equal or greater than 6-months old. If the close date is greater, the contract and inventory-level data will be deleted from the database. There are instances when a contract must be reopened after contract closure. The most common reason is to process subsequent billings. Contract data input personnel are responsible for reopening contracts that have closed. If the contract data is no longer in the database, input technicians must reestablish all contract data from the source documents.

Process Notice of Assignments/Release of Assignments. The FAR 32.801 defines an Assignment of Claims as “the transfer or making over by the contractor to a bank, trust company, or other financing institution (referred to as an assignee), as security for a loan to the contractor, of its rights to be paid by the government for contract performance.” Attached to the face of the assignment will be a cover letter, referred to as a Notice of Assignment, from the assignee, that serves to notify the CED which contract payments are being assigned. NOAs are effective on the date that they are received. Contract Input personnel will update the remittance information in MOCAS to reflect the address of the institution identified in the NOA. Modifications are not required for an NOA. Once the assignee relinquishes the assignment of claim, they will issue a Release



of Assignment to notify the disbursement office that payments should be reverted back to the contractor.

Invoice Control

DFAS-CO is responsible for the receipt, input, control, and payment of all invoices. Invoices can be received both manually or via EDI. There are several types of invoices that can be received:

Commercial invoice: Commercial invoice formats differ depending on the contractor. However, all commercial invoices must include standard data elements per the Prompt Payment Act. These elements are:

- Contractor name and address
- Contract number
- Contract Line Item Number (CLIN)
- Invoice number and date
- Description/National Stock Number
- Manufacturer's part number
- Quantity shipped
- Unit of issue
- Unit price
- Total amount of the invoice
- Shipment number
- Prepaid transportation charges
- Required certification, if applicable

Fast Pay invoice: If FAR 52.213-1 Fast Pay Procedures is specified in the contract, the contractor has the option to not prepare and distribute the DD Form 250. If the DD Form 250 is not prepared/distributed, the invoice must be marked "Fast Pay, No DD 250 Prepared". A shipment number is required even though no DD Form 250 is prepared. In addition to the mandatory information for commercial invoices, the following information is required:

- Mode of shipment



- Ship to/Mark for information
- MILSTRIP document number, if listed on the contract.
- Date of shipment, name and address of carrier, if shipped by US postal service. (Note: Evidence of shipment is no longer required for payment. However, the contractor is responsible for validating that the material was shipped and also maintain evidence of shipment documentation if later required.)

DD 250 invoice: When used as an invoice, this document must be stamped "Original Invoice". The same mandatory information as identified on a commercial invoice is required. In addition, the following data elements must be completed:

- Discount terms, if applicable (Block 5)
- Invoice number and actual or estimated date of submission (Block 6)
- Unit Price (Block 19)
- Extended Amount (Block 20)

Cost Voucher (Public Voucher for Purchases and Services Other Than Personal - SF 1034): This document is also referred to as a Bureau Voucher Number (BVN). Cost vouchers are used by the contractor to bill for costs and/or services performed by the government in accordance with an established contract. Cost vouchers must be paid within 14 days and will be paid from the ACRN(s) specified in the contract, or as specified by the contractor, when authorized, or when special terms are not provided in the contract, prorated across all available cost and fee ACRNs. The following criteria apply to the cost voucher: the clause must be in the contract; the contract number must be on the voucher; the voucher must cite a voucher number; the voucher must specify the amount billed. Lastly, the voucher must include the signature of an authorized government official approving the amount billed prior to submission of the voucher unless the contractor is authorized to submit billings directly per the Defense Contract Audit Agency (DCAA) initiative. The following data elements are required for submission of a cost voucher (SF 1034):

- Contract Number (Include both the DoD and Small Business Administration (SBA) number when the contract has been issued by the SBA.)
- Sequential Numbering. Cost vouchers must be numbered sequentially beginning with number 1 and continuing until final voucher. This number is used to create the shipment number. For example, cost voucher 1 would be assigned a shipment number of BVN0001, and so forth. The final cost voucher will have a "Z" in the



last position of the voucher number and will be assigned a shipment number to identify the final voucher (i.e., BVN0004Z).

- **Authorization/Signature:** First and final vouchers must be submitted to the cognizant Defense Contract Audit Agency (DCAA) offices for approval. Interim cost vouchers for DCAA approved contractors may be submitted directly to DFAS-CO. However, for those contractors not approved for direct submission, all vouchers must be submitted through the cognizant DCAA office.

All cost vouchers will be considered for automatic payment based on the following:

- The voucher matches the contract in MOCAS.
- The voucher amount after payment does not exceed 85% of the total contract obligated amount or exceed the contract ULO.
- The voucher is not for a contract containing FMS funds.
- The contract does not contain special terms or conditions requiring manual entitlement.

Progress Payment Request: Progress payments are a type of contract financing based on cost accumulation and made as work progresses under a fixed price contract. The applicability of progress payments must be defined in the contract. Federal Acquisition Regulation, FAR 52.232-16, authorizes progress payments on a contract. Progress payments are based on costs incurred, the percentage of completion, or on a formula calculation at particular stages of completion. They are liquidated against delivery payments and are fully recoverable upon default by the contractor. Progress payments must be submitted on either a DD 1195 or SF 1443. When the contract authorizes progress payments, the ACO must establish the progress payment master file. This information must be processed before the first progress payment request can be paid. Therefore, the first progress payment request must be submitted directly to the ACO. Subsequent requests can be submitted directly to DFAS with a copy and supporting documentation also sent to the ACO. In addition to the standard data elements on the forms identified above, progress payment requests must include the following:

- **Numbering.** Progress payment requests must be numbered sequentially beginning with PPR number 1. When a contract contains both US and FMS funds, PPRs must be numbered in two different numbering series. The PPR rates determine which series a given payment request will be assigned. All PPRs will be numbered sequentially within the set, [plus the identifier US or FMS as appropriate. For example, the first PPR for US items would be numbered 1-US; the second and third requests are for FMS items and would be numbered 1-FMS and 2-FMS; the fourth request is for US



items and is numbered 2-US. Based on the aforementioned, shipment numbers are assigned accordingly (i.e., PPRA001 (US), PPRB001 (FMS), etc.).

- FMS breakouts. PPRs applicable to the FMS portion of a contract must indicate the foreign country or countries to which the progress payment applies. When the request applies to more than one country, an attachment to the PPR must indicate how the total dollar value of the request is to be prorated among countries involved.

Performance Based Payment Request: The Federal Acquisition Streamlining Act of 1994 includes a new provision for the use of Performance Based Payments (PBP) as an alternative to progress payments for contract financing. This type of contract financing is based upon certain specified performance criterion being accomplished (i.e., payable milestones) versus cost accumulation which is the basis for progress payments. PBPs are contract financing payments and are not payments for accepted items. PBPs differ from progress payments in that performance is measured by objective quantifiable methods (i.e., milestones), accomplishment of defined events, or other quantifiable measures. PBPs should not be used in conjunction with progress payments on the same contract. In addition to the standard data elements required for a commercial invoice, performance based payment must include the following information:

- ACO signature
- A standard shipment number
- Dated received at the CAO

Like progress payments, performance based payments are assigned shipment numbers based on US or FMS. For example, for the first performance based payment, the shipment number may be assigned as follows: PBPA001 (US), PBPB001 (FMS).

Commercial Item Financing Request: The Federal Acquisition Streamlining Act of 1994 includes provisions for the acquisition of commercial items as well as new provisions for the financing of commercial item purchases. Commercial items in this instance refers to any supply or service item, other than real property, that is of a type customarily used for non-governmental purposes and that has been offered for sale, lease, or license to the general public. Contracts issued under the new commercial contract provisions shall be issued on a Standard Form 1449, Solicitation/Contract/Order for Commercial Items. The SF 1449 may also be used for documenting receipt, inspection, and acceptance of commercial items. Contractors requests for commercial financing payments will be submitted no more frequently than monthly. There are two types of commercial item financing: Commercial Advance Payment and Commercial Interim Payment. All requested financing payments associated with a contract will be combined into a single request, appropriately itemized and totaled. Each request must be submitted to the ACO for review and approval. Commercial item financing



requests will be submitted on a commercial invoice and include the following information:

- Name and address of the contractor
- Contract number
- Date of the request
- Itemized and totaled statement of the financing payment
- Sequential invoice number,
- The shipment number for the request will be assigned by the ACO (i.e., CFAAxxx (Advance/US), CFABxxx (Advance/FMS), CFIAxxx (Interim/US), CFIBxxx (Interim/FMS)).
- Any other information designated by the contract or the ACO.

Credit Memorandum: A credit memorandum represents the contractor's written notification to the government of an overpayment – the contractor's discovery of a debt. The credit memo reflects the amount owed to the government by a contractor. This amount may be deducted from subsequent payable invoices. Credit memos are entered into MOCAS and the system will generate the message *VO Deduction Pending* on the Material Acceptance and Accounts Payable Report (MAAPR). This message will alert the Entitlement Voucher Examiner (VE) that Accounts Receivable has a credit memo to be deducted from the payable invoice.

In addition, the following documents will be input to generate invoice data and subsequent payment:

- **Release of Withhold:** The MAAPR message, *Withhold*, will appear when FAR clause 52.232-9, Limitation on Withholding of Payments, is cited in a contract when properly established in MOCAS. The disbursement process in MOCAS utilizes transaction codes to identify the account from which the funds are to be extracted. As with all other amounts paid to the contractor, the Withhold transaction code must be contractually supported. The Withhold transaction code is not self-obligating. The ACO must authorize release of withholds. The ACO release must be a signed letter and the contractor is not required to rebill for withheld amounts. The ACO release of withhold can be processed as an invoice for payment.
- **Refund:** Refunds are issued when a deduction has been taken on a previously paid invoice. For example, a 5% discount was taken in lieu of a 1% discount. The VE will determine if the refund is due to the contractor. If a refund is due, the VE will complete a Refund Voucher form and forward to Invoice Control to be input. Refund packages are backdated 23 days when input into MOCAS thereby circumventing



cash management. Upon return of the invoice package from Invoice Control, the Entitlement VE will pay the refund, annotating on the Advice of Payment the reason for the refund.

After ensuring all invoices are dated, the FDC will ensure the applicable information is on each invoice based on type. In addition, at this time, if fabricated shipments are required, they will be assigned. Each invoice will then be stamped with an Automated Data Processing Equipment (ADPE) number, placed into invoice batches of no more than 30 invoices, and assigned batch numbers. Progress Payments are batched individually and are therefore assigned individual batch numbers.

Duplicate invoices are ones that the contractor has submitted twice. The MOCAS invoice record may indicate that the original invoice has been paid, reason coded E (returned), or unpaid. At the time of invoice input, the MOCAS database performs an online query to determine if there are any other invoices with the following identical data elements: contract number and shipment number. If MOCAS identifies a matched condition, the DUP (duplicate) error message will alert the FDC that a potential duplicate invoice condition exists. This will require further research by the FDC. In addition, a duplicate invoice report is generated daily to alert personnel of potential duplicate conditions.

Review and clear Material Acceptance and Accounts Payable Report (MAAPR) messages to increase Automatic Payment of Invoices (API) percentage. A MAAPR is created when a DD Form 250 is entered into MOCAS. Most MAAPR messages are the by-products of contractual terms and/or Administrative Contracting Officer (ACO) coded remarks during the contract data input process. The purpose of reviewing MAAPR messages is to ensure that the database accurately reflects the terms and conditions as outlined in the contractual document. As part of this manual payment review process, the Voucher Examiner in Entitlement or the Financial Accounts Clerk in Line Item Research is required to review the contractual documentation and coordinate with the Contract Data Input area to ensure the database accurately reflects the contractual document(s). It is conceivable that corrections can be made to increase the automatic payment of invoice (API) percentage. An example of a MAAPR message that is not contractually supported would be the removal of a mandatory review code "9". An example of a contractually supported condition would be the removal and update of the auditor approval code when a contractor is authorized to submit interim cost vouchers directly to DFAS upon Defense Contract Audit Agency (DCAA) approval. While this auditor approval MAAPR message is initially contractually supported, it can later be changed via a letter from DCAA rather than an official contract modification (SF 30). Lastly, it is conceivable that the database does not accurately reflect all subsequent modifications issued against the contract thereby impacting payment.

There are five types of MAAPRs.



- **Automatic MAAPR:** The automatic MAAPR is generated by MOCAS to match an invoice received. It is created only when the accounts payable record matches the information on the invoice and contract information exactly, and payment is made automatically.
- **Manual MAAPR:** Like the automatic MAAPR, the manual MAAPR is generated by MOCAS after matching an invoice to an accounts payable record. However, due to special contract terms, for example, the invoice will not pay automatically.
- **Correction MAAPRs:** Correction MAAPRs are more commonly known as Z and E MAAPRs. A Z MAAPR is used to delete previous MAAPR records. An E MAAPR is used to re-establish shipment information.
- **MAAPR:** This MAAPR is generated when previously omitted shipment information is added.
- **# MAAPR:** This MAAPR is generated when the same MAAPR has been deleted twice.

MOCAS generates and assigns an invoice reason code based on the status of the systematic comparison. Based on the reason code, Invoice Control will match the MAAPR to the invoice, and if payable (G-coded), it will then be forwarded to Entitlement. If the invoice does not comply with the established requirements for a proper invoice, it is not payable and will be returned to the contractor. If acceptance data, hard copy of the contract, additional contractual documents, approval, etc., are required, the invoice is not payable and filed in Invoice Control pending corrective action and research.

Return erroneous invoices to contractors within prescribed timeframes. Payment of an invoice cannot occur until a proper invoice is received. Invoices that do not meet the requirements of a proper invoice per the Prompt Payment Act or the FAR must be returned to the contractor. The invoice is input into MOCAS and subsequently recoded to reason code E with the appropriate variable. Once the invoice is recoded to be returned, it is mailed back to the contractor with a letter explaining why the invoice cannot be processed. The FAR provides relief to the contractor if the deficient invoice is not returned within 7 days. When the contractor resubmits the invoice, the payment office is required to reduce the 30-day payment period by the number of days in excess of the permitted seven days the invoice was previously held prior to return.

However, prompt payment is not applicable to all invoices. Fast payment procedure invoices must be paid within 15 days. Interim cost or bureau vouchers and commercial item financing invoices must be paid within 14 days. Commercial and DD Form 250 invoices submitted by Small Disadvantaged Businesses must be paid within 10 days. Contract financing payments (i.e., progress payments, performance based payments, and advance payments) must be paid within 7 days.



Ensure the automated system reflects accurate status of non-payable invoices and forward copies to the appropriate unit. The following are reason codes and definitions. (Note: Associated variables have not been provided):

Reason Code	Definition
A	Awaiting Source Acceptance
B	Awaiting Destination Acceptance
C	Awaiting contract or delivery order
D	Awaiting additional contractual documents
E	Returned or Otherwise Disposed OF
F	Manually paid or manually coded "F"
G	Coded "G" from another reason code. Note: G**AP identifies an automatic payment waiting to be paid
H	Awaiting approval
I	Awaiting acceptance review
J	Awaiting audit or review
K	Credit Memo with no matching invoice on hand
L	Demand letter issued by Accounts Receivable

Line Item Schedule and Shipment Records (LISSR)

The Line Item Schedule and Shipment Records (LISSR) which result from the contract, delivery document and destination acceptance input transactions (in MOCAS) are referred to as LISSR.

LISSR personnel review and reconcile the line item reports with contractual documents, shipments, and acceptance documentation, and take appropriate corrective action. This function is vital to timely and accurate contractor payments. Continuous monitoring of the status of non-payable invoices and coordination with outside activities is necessary to avoid interest payments and lost discounts.

MOCAS generates and assigns an invoice reason code based on the status of the systematic comparison. Based on the reason code, Invoice Control will match the



MAAPR to the invoice, and if payable (G-coded), it will then be forwarded to Entitlement. If acceptance data, hard copy of the contract, additional contractual documents, approval, etc., are required, the invoice is not payable and filed in Invoice Control pending corrective action and research by LISSR.

For most invoices, the accounts payable record is generated with the receipt and acceptance of material/supplies. The contractor submits the DD Form 250 to the CAO terminal. If the contract designates source acceptance, the CAO inputs the Inspection and Acceptance data, creating the Accounts Payable Record. If the contract designates destination acceptance, the CAO will input the shipment side only of the DD Form 250, establishing the shipment record in MOCAS. The LISSR areas receive and input the destination inspection and acceptance, creating the accounts payable record. For invoices not applicable to materiel delivery (i.e., progress payments and cost vouchers), the accounts payable is established with the submission of a proper invoice.

Invoices are coded to indicate their status within invoice processing. Coded invoices in a non-payable status are usually coded A, B, C, D, H, I, and J. With the exception of certain J-coded invoices, LISSR is responsible for ensuring these coded invoices are processed through the system by taking the appropriate measures which result in a transformation of the invoice to payable status.

Personnel in the LISSR areas are Supervisors, Lead Financial Accounts Clerks, Financial Accounts Clerks, Prompt Payment Monitors, and Financial Data Clerks. The LISSR areas, Financial Accounts Clerks will:

Conduct research and initiate actions to resolve invoices in a non-payable status. *The MOCAS Automatic Payment of Invoice (API) system is designed to mechanically pay an invoice by utilizing the same logic and criteria as a Voucher Examiner. API is based upon the existence and compatibility of a MAAPR, a valid contractor's invoice, contract terms, conditions of payment, and fund availability. In determining contractor entitlement, the API system considers any contractor indebtedness, fund limitation, contractual terms and conditions, and special payment restrictions input by personnel into the database by the functional elements.*

The API system will not process an automatic payment for those invoices involving multiple shipments, multiple invoices involving one shipment, MAAPRs with estimated unit prices, and contracts with special terms and conditions such as advance payments, liquidated damages and certain cost type contracts. These limitations and special contract terms and conditions will require manual review to determine contractor entitlement.

*In addition, MOCAS provides options where CED personnel can identify contracts and/or line item information that requires manual review prior to payment. A free-form field (468 characters) allows for personnel to enter special payment instructions at the line item/ACRN level thereby requiring manual review for those line items/ACRNs identified. Personnel also have the capability to stop **all** payments on a particular contract thereby requiring manual review of all payments for a contract (Mandatory Review Code 9). Some reasons to stop automatic payment of invoices include special "9" ACRNs where there are multiple ACRNs per CLIN, mixed funding, special investigations, etc.*

Reason Code A (Awaiting Source Acceptance): *Source acceptance is an affirmation that procured goods or services conform to the terms of the contract prior to delivery to the*



government. **Source** acceptance is documented with an authorized government quality assurance representatives (QAR) signature. Researching and processing reason code A invoices is a coordinated effort between DCMA (the CAO) and DFAS. The CAO is responsible for researching associated MOCAS reports. The CAO terminal annotates their research findings on the MOCAS report and faxes the annotated report to DFAS each week. Depending on the CAO research findings, DFAS will either return the invoice, recode the invoice or await further instructions from the CAO.

Reason Code B (Awaiting Destination Acceptance): Invoices in a non-payable status for reason code B are **awaiting destination acceptance**. The activity receiving the material/service provides destination acceptance to DFAS. The accounts payable record is generated with the receipt and acceptance of material/supplies. The contractor submits the DD Form 250 to the CAO terminal. If the contract designates destination acceptance, the CAO will input the shipment side only of the DD Form 250, establishing the shipment record in MOCAS. The LISSR areas receive and input the destination inspection and acceptance, creating the accounts payable record.

Several media are utilized for providing destination acceptance. The DD Form 250, Material Inspection and Receiving Report, is the most common. Other forms include the SF 1155, Order for Supplies and Services (Block 26 is completed), the SF 1449, Solicitation/Contract/Order (Block 32a completed), a letter of acceptance signed by an authorized approving official, a Valid Delivery/Acceptance Transactions and Recycling Delivery Transactions Report (UMNA030B), and the Rejected Delivery/Acceptance Transactions Report (UNMA010B).

Reason code B is systemically assigned to invoices when the Inspection/Acceptance Code contained in the Line Item Data Record indicates destination acceptance. Invoices can be coded/recoded B for a variety of situations. In addition to the most common (i.e., Awaiting Destination Acceptance), invoices can be coded B due to discrepant shipment information, undelivered shipments, shipment overruns/underruns, misdirected shipments, and if the shipment record has not been processed. Relative to invoices coded B for shipment overruns/underruns, the Discrepancy Code on the Shipment Data Record (CT5840) will identify any Reports of Discrepancy initiated by the receiving activity to further describe and report a discrepancy (i.e., overages, shortages, missing documentation, etc.). A Discrepancy Code O reflects an overage. The receiving activity received a quantity in excess of the quantity shown on the shipping document. A Discrepancy Code of S reflects a shortage. The receiving activity received a quantity less than the quantity shown on the shipping document. The term overrun/underrun used in this context refers to the overages/shortages, and does not imply the overrun/underrun condition associated with the Quantity Variation contractual clause.

Reason Code C (Awaiting Contract): Invoices coded C indicate a problem with proper distribution of the contract. It is the responsibility of the contracting officer to distribute copies of contracts and modifications per FAR 4.201. A contract in the MOCAS document inventory may be processed; however, a condition may exist which prevents disbursement. This condition may be non-receipt of the hard copy contract. In addition, invoices received which have no matching MOCAS contract data may indicate that the



contract is assigned to another disbursing office, or the contract has closed. Six months after the contract has closed, the contract inventory level data is purged from MOCAS. If an invoice is received for a closed contract, manual research is required.

Reason Code D: Invoices can be coded D non-payable for the following reasons: Awaiting additional contract documents; requires additional funds for payment; contains different data than the contract; needs the contract to be definitized; awaiting modification to establish current funding for cancelled funds; or a DD Form 1716 has been issued.

For **authorized price adjustments**, a message on the MAAPR will alert personnel that authorized price adjustments apply. The Financial Accounts Clerk will determine what type of certification is required (i.e., a contract modification or a certification) and obtain the required documentation. If a written certification is required but not provided by the contractor, the clerk will recode the invoice and return it to the contractor. If required documentation is provided, the invoice will be recoded to G and forwarded to the Entitlement VE for payment.

If the contract authorizes **Government Furnished Materiel (GFM)**, and the invoice is the final payment but the modification has not been issued closing the GFM, the clerk will request the required modification. Upon receipt and input of the contract modification, the clerk will recode the invoice to G and forward it to the Entitlement VE for payment.

Reason Code H: Invoices can be coded H non-payable for the following reasons: Awaiting approval (ACO, PCO, Termination Contracting Officer, First Article, etc.); requires approval from the Transportation Officer for Guaranteed Maximum Size Shipping Weight (GMSW) or Minimum Size Shipment (MSS); appropriation overextended at the Treasury Level (In the Red); transportation only invoices over \$190.00 with shipment number TRA####.

When a contract requires invoice approval/certification, the applicable data elements are coded in the Provisions Data Record during initial contract input. Based on this data, incoming invoices are systemically coded H with the appropriate reason code variable. For example, when the contract states that the contractor is authorized to bill freight or transportation charges as a separate item, these requirements are coded in the FRT-CRG-AUT field of the Provisions Data Record (FAR 52.247 and 52.242-10). If the contract allows for **transportation-type charges**, the Financial Accounts Clerk will ensure the database reflects the correct information and recode the invoice to a payable status. If the contract does not allow transportation charges to be billed, the clerk will recode the invoice to a payable status and annotate that transportation charges should not be paid and are not billable.

The current transportation charge threshold in MOCAS is \$190.00. Charges greater than \$190.00 require Transportation Officer approval. When transportation charges over the threshold are included on discount invoices, it is necessary to split apart the transportation from the material charges on the invoice in order to take advantage of the discount. This allows the transportation approval process to be carried out and the discount taken. Likewise, if potential interest would be due prior to completing the Transportation Officer Approval process, the transportation charges are split apart from the material charges to avoid interest payments by allowing timely payment of the material. Transportation approval is obtained through the Financial Control Division. Upon approval, the invoice is recoded to a payable status.



*If the contract contains the clause requiring **ACO, PCO or TCO certification**, the clerk will determine if First Article Acceptance approval is required. If the First Article documentation is not in the contract file, the clerk will contact the ACO to obtain First Article approval.*

The clerk will continue researching the contract to determine if other ACO or PCO approval is required. If the contract states that invoices must be ACO or PCO approved, and the invoice does not contain approval, the clerk will return the invoice to the contractor with an explanation of why it is being returned.

*For contracts authorizing **Minimum Size Shipments (MSS)** or **Guaranteed Maximum Shipping Weight (GMSW)**, upon receipt of an invoice with a MAAPR message FOB Origin – Minimum Size Shipments (MSS), the clerk will review the invoice to determine if the MSS clause applies. If the invoice is for the first or final shipment to any one destination, the clause does not apply. If the invoice is for single shipments to multiple destinations, the clause does not apply. If the invoice is for one of many shipments to many destinations, the clause may apply and the transportation form must be attached to the final payment. The clerk will then review the contract to determine whether the clause applies. If the contract has FOB Destination terms, is FMS, contains the accelerated delivery clause, or is less than \$25,000, the MSS clause does not apply. For anything other than the aforementioned, the MSS clause applies.*

Upon receipt of an invoice with a MAAPR message Guaranteed Maximum Shipping Weight (GMSW), the clerk will review the contract terms to determine whether the GMSW clause applies. If the contract has FOB Destination terms, is FMS, is less than \$25,000, or has no shipment characteristics identified, the GMSW clause does not apply. If the invoice is for a final shipment, the GMSW clause applies.

Last, if the MSS and/or GMSW clauses apply, Transportation Officer (TO) approval is required. If the invoice package does not contain TO approval, the clerk will request the required documentation and resolve the GMSW/MSS issue(s) with the Transportation Officer. Upon resolution, the clerk will recode the invoice to G (payable) and forward to Entitlement. If the TO determines that GMSW or MSS costs were exceeded, the LISSR clerk will instruct the Entitlement VE to pay the invoice but deduct the costs not authorized. If the TO determines that the GMSW or MSS costs are allowable, the VE will pay the invoice taking into consideration other MAAPR messages.

*If the contract authorizes **liquidated damages**, the message Liquidated Damages Auth will appear on the MAAPR. Upon receipt of an invoice and MAAPR with the aforementioned message, the clerk will review the contract and determine whether or not the delivery was late by comparing the shipment data on the invoice to the delivery schedule data in the contract. If the shipment was not late, or the shipment was late but has been resolved (i.e., returned from LISSR), the clerk will recode the invoice to G and forward to the Entitlement VE for payment.*

If the shipment was late, the clerk will coordinate with the CAO. Upon determining whether or not liquidated damages will be assessed, the LISSR Financial Accounts Clerk will recode the invoice to G and forward to Entitlement for processing. Liquidated damages will be identified with the transaction code of L at the time of payment.



Reason Code I: Invoices can be coded I non-payable for the following reasons: Awaiting acceptance review; overrun or underrun conditions exist; or the MAAPR and invoice disagree for any reason other than overrun/underrun. Reason code I is assigned when the respective contract line item authorize fast pay procedures; or there's a discrepancy between the invoice and MOCAS records on item quantities or unit prices.

The **Fast Pay** procedure allows payment under limited conditions to a contractor prior to the Government's verification that supplies have been received and accepted. Under these procedures, a receiving report, or other documentation supporting contractor performance, is not required before a disbursement may be made. Instead, vendor certification that supplies have been shipped may be used as the basis for authorizing payment. Fast payment procedures are employed when all of the following conditions exist: Individual orders do not exceed \$25,000 (except heads of executive agencies may permit a higher limit on a case-by-case basis); deliveries of supplies are to occur where there is both a geographical separation and a lack of adequate communications facilities between government receiving and disbursing activities that make it impracticable to make timely based; title to supplies will vest in the government upon delivery to a post office or common carrier for mailing or shipment to destination or upon receipt by the Government if the shipment is by means other than postal service or common carrier; or the contractor agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to requirements.

The Fast Pay process gives the contractor the option of preparing and distributing the DD Form 250. The invoice must be marked "Fast Pay - No DD 250 Prepared". The contractor invoice must contain the information required on a DD 250. The clerk will process the shipment record and acceptance information in MOCAS upon receipt of the Fast Pay invoice.

An **overrun** condition exists when the quantity accepted is greater than the quantity ordered, and is over and above the variation in quantity allowed by the contract. The Financial Accounts Clerk will determine if the quantity variation clause exists in the contract and if the information was accurately input into the database. Upon conclusion of this research, the clerk will identify and correct any duplicate or erroneous shipment information. Then, the clerk will contact Contract Data Input to determine if there is a modification on hand that will correct/resolve the overrun condition. If previous research efforts prove unsuccessful, the clerk will contact the ACO or PCO to alert them of the overrun condition and to determine if a modification is forthcoming. Lastly, if a modification will not be issued, the clerk will identify the overrun as unauthorized, prepare a Clarification of Unauthorized Overrun for the ACO, and determine if any part of the invoice is payable. If any part of the invoice is payable, the clerk will annotate the MAAPR to pay less the overrun amount and recode the invoice to G. If no part of the invoice is payable, the clerk will return the invoice to the contractor with an explanation of why the invoice is being returned.



An **underrun** condition exists when on the final shipment, the quantity accepted is less than the quantity on order. This condition occurs on the final shipment only. The Financial Data Clerk will research to determine if there is a missing shipment. If no shipment is missing, the clerk will notify the ACO that an underrun condition exists and request instructions on how to proceed. If the shipment is missing per MOCAS records, the clerk will request that the ACO verify that the shipment is actually missing and determine if the ACO has received a DD Form 250 for the missing shipment. If the missing shipment will correct the underrun, the clerk will request that the CAO input the missing shipment expeditiously and recode the invoice to G afterwards. If the missing shipment will not correct the underrun, the clerk will request instructions from the ACO on how to further process the underrun.

*In instances where the **invoice and MAAPR do not match**, the clerk will determine if the discrepancy is due to a missing line item, unit price differences, or quantity discrepancies. The LISSR clerk will research and possibly correct the discrepancy and/or request the CAO terminal to make the necessary corrections to MOCAS. An annotated or corrected MAAPR will be attached to the invoice package when the invoice is recoded as payable (G).*

*If the **unit price on the MAAPR is estimated**, the price needs to be definitized. If the unit price on the MAAPR is estimated, and the contract and/or modifications do not indicate that the unit price is estimated, or there is a definitizing modification in the contract file, the clerk will coordinate with Contract Data input to update/correct the database. If the unit price on the MAAPR is estimated, and the contract contains a provisional billing clause (i.e., the authority to pay a percentage of the estimated unit price prior to definitization), the clerk will review the MAAPR for one of the provisional billing clause messages – Undefined Price – 50% Authorized, or Undefined Price – 75% Authorized. If either message is present, the clerk will review all payments to ensure total disbursements (to include the WIP), do not exceed the authorized percentage of the total obligated value of the contract. If a definitization modification is necessary, the clerk will request the modification. If the contractor is billing within the authorized undefinitized price, the clerk will recode the invoice to G and forward it to the Entitlement VE for payment.*

If the unit price is greater on the invoice than the contract unit price, the clerk will research MOCAS for an indication of any document establishing unit price. In addition, the clerk will look at the contract/modification backlog inventory to determine if a document is awaiting input.

Utilize the Destination Acceptance Reporting and Tracking System for tracking and obtaining destination acceptance. The Destination Acceptance Reporting and Tracking System (DARTS) was developed to provide automatic transmission of shipment and/or acceptance data between the payment office and receiving activities when shipments require destination acceptance. DARTS tracks and follows-up on destination acceptance. The interface between the various activities (DFAS, DCMA, and receiving activities) is accomplished via the Defense Switching Network (DSN). Transmissions are formatted to the Military Standard Contract Administration Procedures (MILSCAP) system. With the entry of the DD Form 250 data (shipment side) by the Contract Administration



Office (CAO) terminal, the DARTS process is initiated. The processing of the shipment record generates a transaction on the DARTS Master Listing. In addition, a Shipment Performance Notice is generated systemically to the Purchasing Office.

***Review and reconcile line item reports** with contractual documents and shipment and acceptance documentation and take appropriate corrective action.*

***Maintain liaison** with DCMA receiving activities, procurement offices, and CAO terminals to resolve discrepancies in delivery data and initiate corrective action.*

***Post and control destination acceptance copies of DD Forms 250.** The MOCAS shipment and acceptance records provide the means for the government to track and record the contractor's performance in supplying goods and/or services. This data originates from source documents (DD 250) and is manually input into the database.*

Entitlement

Most payments made at DFAS are subject to the Prompt Payment Act of 1989, OMB Circular A-125. The Act requires federal agencies to make payments in a timely manner. If a contractor payment is late, an interest payment is due to the contractor and should be made without a contractor having to request the payment. The Act applies to the acquisition of property or services, including contracts for the rental of real or personal property, from a business concern. A business concern means any person or organization engaged in a profession, trade, or business, and nonprofit entities (including state and local governments, but excluding federal entities) operating as contractors. Payment terms should be specified in the contractual document. Payment offices should disburse per payment terms. However, if the payment terms contained in the contract conflict with the corresponding payment provisions of the Prompt Payment Act, DFAS personnel seek clarification from the respective contracting officer. If no payment terms exist in the contract, payments should be made in accordance with locally established policy and procedures.

The MOCAS Automatic Payment of Invoice (API) system is designed to systemically pay an invoice by utilizing the same logic and criteria as a Voucher Examiner. API is based upon the existence and compatibility of a MAAPR, a valid contractor's invoice, contract terms, conditions of payment, and fund availability. In determining contractor entitlement, the API system considers any contractor indebtedness, fund limitation, contractual terms and conditions, and special payment restrictions input by personnel into the database by the functional elements. MOCAS generates and assigns an invoice reason code based on the status of the systematic comparison. Based on the reason code, Invoice Control will match the MAAPR to the invoice, and if payable (G-coded), it will then be forwarded to Entitlement. If the invoice does not comply with the established requirements for a proper invoice, it is not payable and will be returned to the contractor. If acceptance data, hard copy of the contract,



additional contractual documents, approval, etc., are required, the invoice is not payable and filed in Invoice Control pending corrective action and research. Currently, MOCAS pays approximately 50% of the invoices via API. The other 50% require manual intervention and payment.

The Advice of Payment (DFAS-CO Fm 477) provides a permanent record and audit trail for all payments made. A copy of the form is sent to several entities to include the payee. The Fiscal Information Posting Slip (DFAS-CO Fm 457) is used when making payments or adjustments manually. Both forms were automated with the implementation of the Entitlement Automation System (EAS). In addition to automating the forms preparation process, EAS allows the Entitlement Voucher Examiner to have online access to financial data at the time of payment. At the time of payment, EAS will construct a payment based on the MAAPR and information supplied via EDI by the contractor, or the VE can manually pay the invoice by selecting the appropriate ACRN(s) from which the payment will be made. EAS provides both an outstanding ULO (includes invoices in cash management, prevalidation, and payments being made that day if they were saved in EAS) and the available ULO (the CLR ULO minus the outstanding ULO). For example, when a payment is prepared and saved in EAS, the outstanding ULO would increase by the amount of the payment and the available ULO would decrease by that same amount. Note, the CLR generated from MOCAS would not reflect payments made until after the nightly cycle is run and the CLR is updated.

The disbursement process in MOCAS utilizes transaction codes to identify the account from which the funds are to be extracted. As with all other amounts paid to the contractor, any transaction code amounts must be contractually supported. Transportation, Quantity Variation, and Discounts are generally incorporated into the contract with clauses and terms. Funding is provided for the transaction codes; however they do not receive obligated dollars initially. Such transaction codes are self-obligating at the time of the disbursement. The amount of the obligation is determined at the time the entitlement is determined. Transaction codes Q (Quantity Variation), T (Transportation), L (Liquidated Damages), and D (Discount) will have automatic obligation transactions produced mechanically by the system. The following transaction codes are not self-obligating: W (Work in Progress – Army, DLA, Air Force), 6W (Work in Progress – Navy), H (Withhold), and A (Advance Payments).

Personnel in the Entitlement areas are Supervisors, Lead Voucher Examiners and Voucher Examiners. The Entitlement areas, Voucher Examiners (VE) will:

Determine contractor entitlement for invoices, progress payments, performance based payments, commercial item financing, and cost vouchers and prepare payment packages when the automated system notes conditions requiring review of payment data.

Daily, the Financial Data Clerk in the Entitlement area will review the MYFD01, Daily New and Coded report and other management reports to identify payable invoices. Invoices are prioritized based on a number of factors including dollar amount, prevalidation requirements, due date, discounts, type of invoice (progress payments and performance based payments, cost vouchers and commercial item financing requests):

*Below, find **examples** of manual invoice processing:*



- **Advance Payments:** *Advance payments are made only to prime contractors under contracts which contain the advance payment clause. Unlike progress payments, advance payments are made prior to, in anticipation of, and for the purpose of complete performance under a contract or several contracts under a Pool Agreement. Advance payments are generally the least preferred method of contract financing and they should not be authorized if adequate financing is available to the contractor from other sources. Advance payments are limited by statute to amounts which at no time exceed the unpaid contract price and should not exceed the actual reasonable requirements for the contract or the interim cash needs arising during the reimbursement cycle. Also note, Advance payments are not subject to the Prompt Payment Act. The advance payment agreement should provide for the deposit of all payments into special bank accounts in accordance with the contract clause. (FAR 32.4, 52.232-12/DFARS 232.4/FMR 7000.14, Vol 10, Ch 7). At any time the contractor may repay all or any part of the funds advanced by the government. Whenever requested in writing to do so by the administration office, the contractor shall repay to the government any part of unliquidated advance payment considered by the administering office to exceed the contractor's current requirements or when the sum of all unliquidated advance payments, unpaid interest charges, and other payments exceed a percentage of the contract price, the government shall withhold further payments to the contractor. On completion or termination of the contract, the government shall deduct from the amount due to the contractor all unliquidated advance payments and all interest charges payable.*

An approval letter signed by the authorized government official must accompany invoice submissions. At the time of payment, the advance payment is paid so that a transaction code (A) is established in MOCAS to track advance payments. All advance payments require supervisory force thru approval.

- **Authorized Price Adjustments:** *An economic price adjustment is used when the contractor warrants that the unit price stated in the contract will need to be increased or decreased for economical reasons. This must be verified on the final payment. The contract will certify on each invoice that each unit price stated in the invoice reflects all decreases required by the clause or on the final invoice that all required price decreases have been applied. If required documentation is provided, the VE will pay the invoice. If further research is required, the invoice will be forwarded to LISSR.*
- **Contractor Indebtedness:** *Contractor indebtedness claims are governed by the Contract Disputes Act (1978). Debts include insured or guaranteed loans and any other amounts due from fees, leases, rents, royalties services overpayments, penalties, damages, interest, fines, forfeitures, and all other claims and similar sources (i.e., IRS Notice of Levy, etc.). There are several MAAPR messages associated with the contractor indebtedness process. Accounts Receivable is responsible for updating MOCAS with the required information:*

Contractor Indebtedness: A debt incurred by the contractor for the reasons stated above.

VO Deduction: A deduction taken from an invoice by the VE per the Accounts Receivable (A/R) area. This deduction impacts only those invoices associated



with the contract in question. This message is generated by the input of a credit memorandum.

CAGE Indebtedness: A debt incurred by the contractor in which the government can collect on this or other contracts that the contractor has with the government. This also includes IRS levies.

PIIN/SPIIN Indebtedness: A debt incurred by the contractor which the government can only collect on the same contract which the debt was owed. This message is generated by the issuance of the initial demand letter.

Upon receiving a payment with a MAAPR citing one of the aforementioned messages, the VE will contact A/R to ensure the debt is current, the amount is valid, and to notify them that there is an invoice available for offset. If the debt is valid, the VE will complete necessary forms and send a copy of the invoice, MAAPR, and supporting documentation to A/R for processing. A/R will identify on the form what amount should be offset and return the invoice package to Entitlement. Entitlement will offset per A/R instructions and pay the remaining amount of the invoice if applicable, taking into consideration any other MAAPR messages.

- **Discount Offered:** Discounts for prompt payment means an invoice payment reduction is being voluntarily offered by the contractor in conjunction with FAR 52.232-8, if payment is made by the government prior to the due date. The due date is calculated from the date of the contractor's invoice. A discount is taken if it is advantageous to the government or when any one of the following conditions exist:
 - The contractual document contains discount terms whether the invoice offers discount terms or not.
 - The contract or other agreement is silent on the discount but the invoice contains discount terms.
 - The discount terms differ from those in the contract. Use the terms most cost-effective for the government.
 - The contractor provided written advice to extend the discount period or increase the discount percentage beyond that offered previously.
 - The contractor offers a discount in writing for a specific invoice.

Cost effective, or advantageous to the government, is defined as those yielding an effective annual interest rate equal to or greater than the current value of funds rate established by the US Treasury. Discounts that do not meet the cost-effective criterion should be refused.

The VE will determine the beginning date of the discount period based on the effective date of the contract. Note, discounts on contracts with an effective date prior to April 1, 1989 are not calculated based on invoice date. If the contract has an effective date prior to April 1, 1989, the discount period begins with the later of destination or source acceptance vs. the invoice date.

If the discount can be taken based on the date, etc., the VE will manually compute the discount amount and determine if it is advantageous to the government. If the discount period will end within 3 days, the VE will identify the discount as lost.



If there is *Work in Progress (WIP)* recoupment available on the invoice, the discount is applied to the WIP liquidation only, if the discount period has passed and discount terms are present on the contract. The discount rate is applied to the amount of the recoupments available for that invoice. For example, if the contractor offers a $\frac{1}{2}\%$ discount, the total invoice amount is \$523 (\$23 for transportation), and a WIP balance of \$400 is available for liquidation, the discount will be $.005 \times \$400 = \2.00 offered discount. Prompt payment discounts may be taken against WIP liquidations at any time even after the discount period has expired. However, prompt payment discounts may only be taken on WIP liquidations if a discount rate is cited in the contract.

The VE will continue processing the invoice and identify discounts taken, refused, or taken against the WIP on the Advice of Payment for the contractor.

- **Government Furnished Material (GFM):** GFM clauses are included in contracts when the government agrees to furnish the contractor with materials. The fee the contractor charges for completing their portion of the contract is called Cut-Make-and Trim (CMT). If the invoice is the first payment, the VE will complete the GFM/CMT Worksheet and file in the payment file. The VE will then pay the invoice. If the invoice is the final payment and the modification has been issued, or the invoice is other than the first or final payment, the VE will pay the invoice.
- **Guaranteed Maximum Shipping Weight (GMSW) and/or Minimum Size Shipment (MSS):** GMSW/MSS is the required shipping rate on carload and truckload shipments, when it is contemplated that they may result in FOB origin contracts. This will facilitate realistic freight cost evaluation of offers and ensure that the contractors produce economical shipments or agreed sizes.

The LISSR Financial Accounts Clerk will resolve the GMSW/MSS issue(s) with the Transportation Officer, recode the invoice to G (payable) and forward to Entitlement. If the TO determines that GMSW or MSS costs were exceeded, the LISSR clerk will instruct the Entitlement VE to pay the invoice but deduct the costs not authorized. If the TO determines that the GMSW or MSS costs are allowable, the VE will pay the invoice taking into consideration other MAAPR messages.

- **Liquidated Damages:** Liquidated damage is a late charge assessed the contractor when he is unable to deliver supplies or perform services within the time specified in the contract or any extension. The clause is inserted into a contract when the time of delivery or performance is such an important factor in the award of the contract that the government may reasonably expect to suffer damage if delivery or performance is delinquent (FAR 52.212). The message Liquidated Damages Auth will appear on the MAAPR.

If the shipment was not late, or the shipment was late but has been resolved (i.e., returned from LISSR), the VE will pay the invoice taking into consideration other MAAPR messages. If LISSR determines that liquidated damages will be assessed, the LISSR Financial Accounts Clerk will recode the invoice to G and forward to Entitlement for processing identifying on the MAAPR the amount of the



liquidated damages. Liquidated damages will be identified with the transaction code of L at the time of payment.

- **Non-CLIN Charges:** Non-CLIN items will be set up in the contract as a separate charge near the appropriate CLIN(s). They will have established ACRNs but will not be assigned a CLIN. When set-up in the contract, the contractor is authorized to bill for these charges. These charges are included in the obligation of the contract and therefore no transaction code is required.

On the invoice, non-CLIN items should be billed at the bottom of the invoice with a message stating what the charge is for and the dollar amount. This amount will be listed under the other CLINs and prior to the total. The non-CLIN charges will be included in the total dollar amount of the invoice. Some common non-CLIN items are as follows: Loading charges, packaging charges, destination charges, and DD Form 250 charges. The MAAPR message Undefined U ACRN will be generated when there are non-CLIN charges.

If the invoiced non-CLIN items are authorized for payment per LISSR, the VE will determine the ACRN assigned to fund the charges and pay the invoice taking into consideration any other MAAPR messages.

If the invoiced non-CLIN items are not contractually supported, the VE will pay the authorized portion of the invoice only and explain the deduction on the Advice of Payment.

- **Partial Shipments and Partial Acceptances:** A partial shipment is an invoice from a contractor for some amount less than the normal scheduled quantity, but the partially shipped quantity has been accepted in full (i.e., partial lot). A partial acceptance is an invoice from the contractor for which only a part of the quantity shipped was accepted (i.e., the contractor shipped and invoiced for five items, but only four were accepted).

LISSR will research and possibly correct the discrepancy and/or request the CAO terminal to make the necessary corrections to MOCAS. An annotated or corrected MAAPR will be attached to the invoice package when the invoice is recoded as payable (G). The VE will pay the authorized quantity identified by LISSR on the MAAPR. When the invoice is paid, the VE will identify the reason for any deductions on the Advice of Payment.

- **Performance Based Payments:** Performance Based Payments are different from progress payments in that PBPs are based on performance measured by objective quantifiable methods (i.e., milestones), accomplishment of defined events, or other quantifiable measures. PBPs should not be used in conjunction with progress payments on the same contract. PBPs are fully recoverable in the same manner as progress payments upon default. The amount of each PBP will be specifically stated in the contract as a dollar amount or as a percentage of an identified contract or unit price. Contractors will bill PBPs not more often than monthly. A commercial invoice should be used. ACOs will be responsible for receiving, approving and sending the PBPs to Columbus. Each request must be signed by the ACO. PBP financing payments are liquidated against delivery payments (similar to progress payments). PBP liquidation is accomplished by



deducting a percentage or designated dollar amount from delivery payments. The liquidation requirements will be stated in the contract.

The Progress Payment Monitor receives the PBP invoices after input by Invoice Control. At the time of invoice input, the Financial Data Clerk in Invoice Control should have ensured that the ACO signed the PBP, that a standard shipment number was established, that a commercial invoice was used for billing, and that the MOCAS received date is the date received at the CAO. The Progress Payment monitor will then ensure that the contractor's certification and signature are present, the correct invoice date was used, and determine if the ACO identified how the payment should be allocated by appropriation/ACRN. If all information is available/accurate, the Monitor will forward the invoice to the VE for entitlement.

The VE will pay the PBP in accordance with the instructions and appropriations/ACRN breakout provided by the ACO. All PBPs are paid against the WIP line (transaction code W). PBPs are liquidated against delivery invoices upon shipment and acceptance of the affected items. Lastly, PBP financing is on a CLIN-level. The related recoupment is on the same basis. Therefore the VE will only recoup against ACRNs associated with the material accepted on the invoice.

- **Progress Payment Request (PPR):** *Progress payments are a type of contract financing based on cost accumulation and made as work progresses under a fixed price contract. The applicability of progress payments must be defined in the contract. Federal Acquisition Regulation, FAR 52.232-16, authorizes progress payments on a contract. Progress payments are based on costs incurred, the percentage of completion, or on a formula calculation at particular stages of completion. They are liquidated against delivery payments and are fully recoverable upon default by the contractor.*

There are two major types of progress payment transactions processed in MOCAS. First, the Progress Payment Master must be established in MOCAS, by the ACO, before a PPR can be paid. The Progress Payment Master shows the review date, the day the last review was completed, cumulative progress payments paid for US and FMS, as well as other contractual information pertaining to the progress payment request. Selected data, relative to previously processed progress payments is also retained in this file. The only corrections to the master file that DFAS personnel are authorized to make are changes to the total dollar amount of the last progress payment (US or FMS), changes to the total amount paid in progress payments (total for US or FMS), and update to reflect previously paid PPRs. The second major transaction is the actual progressing of the request.

To calculate funds availability at the ACRN-level, **MOCAS** will **systemically** multiply the ULO times the liquidation rate, and subtract the outstanding WIP. In October 1995, the manual process was changed per the Under Secretary of Defense (Comptroller). When contract terms are silent on the method of allocating progress payments, all **manual allocations** will be done in ACRN sequence based on the progress payment rate. The maximum allowable will be allocated to the first



ACRN before allocation to the next ACRN and will continue in this manner until the entire amount of the progress payment is allocated. ACRN sequence is based on alpha order (i.e., AA, AB, etc.). This change did not eliminate the requirement to maintain integrity between US and FMS funded ACRNs.

To calculate recouping WIP, the VE will determine the amount to be recouped by multiplying the gross amount of the invoice by the liquidation rate (i.e., 80%). If this amount is greater than the outstanding WIP balance, the outstanding balance will be the amount to be recouped. The VE will first recoup from the outstanding WIP balance of the ACRNs which represent the delivery. Any remaining recoupments will be taken against the outstanding WIP balance of the ACRN representing the delivery furthest in the future, then from the ACRN just prior to the furthest, and so on.

Also note, per FAR 32.503-8, the following applies regarding computing PPR liquidations. To compute the amount of the liquidation, a liquidation rate is applied to the contract price of contract items delivered and accepted. Transportation charges reflected on contractor invoices are not to be included when liquidation amounts are computed. Contract unit price increases and decreases must also be applied when computing the adjusted invoice amount prior to the liquidation or withhold computation. The following are guidelines for computing liquidation and withhold amounts:

- *Time and Materiel/Fee Withholding (FAR 52.216-8). Invoices received for Time and Materiel contracts may reflect withholding. Although funds are not progressed for most cost type contracts, mixed contracts may contain a fee withholding on contractor invoices. Personnel will liquidate, then withhold.*
- *Guarantee/Warranty Withholding (FAR 46.706). Personnel will liquidate, then withhold.*
- *Technical Data/NSP Line Item Withholding (FAR 52.227-21). Personnel will liquidate, then withhold.*
- *Patent Withholding (FAR 31.205-30). Personnel will liquidate, then withhold.*
- *Debt Collection Withhold (Offset) (FAR 32.606). Personnel will liquidate, then withhold.*
- *Short Shipment/Missing Component Withhold (FAR 32.503-8). Personnel will withhold, then liquidate.*
- *DOL Directed Withhold (FAR 22.1308) (Affirmative Action for Special Disabled and Vietnam Era Veterans). Personnel will liquidate, then withhold.*
- *Miscellaneous Withhold (FAR 52.222-7). Personnel will liquidate, then withhold.*
- **Quantity Variation:** *An overrun condition exists when the quantity accepted is greater than the quantity ordered, and is over and above the variation in quantity allowed by the contract. The MAAPR message Unauthorized Overrun will occur on purchase order type contracts where the quantity and/or unit of measure are difficult for the contractor to package and ship the exact amount ordered in the contract (i.e., lumber). Therefore, contractors may be authorized to ship a*



quantity within an established variance (i.e., 10% overrun or underrun). The message will only appear on the MAAPR if the data was not identified in MOCAS, exceeded by the contractor, or as a result of an erroneous acceptance. Quantity variation is identified at the time of payment by establishing the transaction code of Q.

If the VE determines that quantity variation is allowable per the contract, and can easily determine if the contractor is within the variance, the VE will pay the allowable invoice amount. If the quantity variation allowable requires extensive research, the VE will request that the invoice be recoded to I and forwarded to LISSR to be worked. If any part of the invoice is payable, the LISSR clerk will annotate the MAAPR to pay less the overrun amount, recode the invoice to G, and return to Entitlement. The Entitlement VE will pay the invoice, identifying quantity variation with a transaction code of Q, and take into consideration any other MAAPR messages. If no part of the invoice is payable, the LISSR clerk will return the invoice to the contractor with an explanation of why the invoice is being returned.

- **Refunds:** Refunds are issued when a deduction has been taken on a previously paid invoice. For example, a 5% discount was taken in lieu of a 1% discount. The VE will determine if the refund is due to the contractor. If a refund is due, the VE will complete a Refund Voucher form and forward to Invoice Control to be input. Refund packages are backdated 23 days when input into MOCAS thereby circumventing cash management. Upon return of the invoice package from Invoice Control, the Entitlement VE will pay the refund, annotating on the Advice of Payment the reason for the refund.
- **Transportation Charges:** When the contract states that the contractor is authorized to bill freight or transportation charges as a separate item, these requirements are coded in the FRT-CRG-AUT field of the Provisions Data Record (FAR 52.247 and 52.242-10). If the contract allows for transportation-type charges, the Contract Input technician will ensure the database reflects the correct information at the time of contract input.

As with all other amounts paid to the contractor, the Transportation transaction code must be contractually supported. Funding is provided for the transaction codes; however they do not receive obligated dollars initially. Such transaction codes are self-obligating at the time of the disbursement. The amount of the obligation is determined at the time the entitlement is determined. Transaction codes Q (Quantity Variation), T (Transportation), L (Liquidated Damages), and D (Discount) will have automatic obligation transactions produced mechanically by the system.

Transportation charges greater than \$190.00 require Transportation Officer approval. When transportation charges over the threshold are included on discount invoices, it is necessary to split apart the transportation from the material charges on the invoice in order to take advantage of the discount. This allows the transportation approval process to be carried out and the discount taken. Likewise, if potential interest would be due prior to completing the Transportation Officer Approval process, the transportation charges are split



apart from the material charges to avoid interest payments by allowing timely payment of the material.

The following MAAPR messages apply to transportation charges:

Transportation Charges Auth: Authorized to pay up to \$189.99 without preauthorization.

Trans Amt Exceeded: Amount of transportation exceeds \$189.99.

Trans Not Auth: Transportation charges not authorized. Deduct from the invoice.

Trans Not Auth – Review Charges: Check the contract terms. There may be an enclosure for one item or set amount.

If the front page of the contract states FOB point as “other”, some amount of transportation charges are payable. If the contract states the FOB point as “destination”, transportation charges are not authorized. Contract modifications should always be reviewed to ensure the FOB point has not changed.

- **Unit Price Differences:** *When processing manual payments, the VE may encounter invoices and MAAPRs with unit prices that do not agree. The contract and modifications must be researched to determine the problem.*

If the unit price on the MAAPR is estimated, the price needs to be definitized. The VE will request that the invoice be recoded to D and forwarded to LISSR for resolution. If the unit price is less on the invoice than the contract unit price, the VE will pay the lower unit price.

- **Withholds:** *The MAAPR message, Withhold, will appear when FAR clause 52.232-9, Limitation on Withholding of Payments, is cited in a contract when properly established in MOCAS. The disbursement process in MOCAS utilizes transaction codes to identify the account from which the funds are to be extracted. As with all other amounts paid to the contractor, the Withhold transaction code must be contractually supported. The Withhold transaction code is not self-obligating.*

The VE will examine the MAAPR for the Withhold message and review the payment history for previously withheld amounts. If the invoice is not a billing for a previously withheld amount, and the invoice does or does not include a deduction, the VE will determine the total amount withheld on the contract. If the invoice is a cost voucher and the total amount of withholds taken is less than or equal to \$50,000, the VE will prepare the payment package, identifying the withhold with a transaction code of H. If the invoice is a cost voucher and the total amount of withholds taken is greater than \$50,000, the VE will request that the invoice be recoded to J for reconciliation/review purposes. Per FAR 52.232-7, unless otherwise prescribed in the schedule, the Contracting Officer shall withhold 5% of the amounts due, but the total shall not exceed \$50,000.



The ACO must authorize release of withholds. The ACO release must be a signed letter and the contractor is not required to rebill for withheld amounts. The ACO release of withhold can be processed as an invoice for payment.

Review force thru to ensure that all information is accurate and posted correctly. A contract is overdisbursed when the contract payment records indicate that the paying office has disbursed more funds than were obligated on the contract. Reasons for overdisbursement can include, but are not limited to decreasing contract modifications, definitizing modifications, and financial errors. As policy, CED personnel will not force thru payments that create an ACRN-level NULO in MOCAS. Under no circumstances should an invoice payment be forced thru the MOCAS system that will create a NULO on the accounting station records. The current disbursement force thru edits will not allow a payment to be made that will create a NULO without use of the force thru code. Force thru codes are limited to supervisory personnel, and in rare instances, VE Leads.

Process Manual/Manual Payments. A manual/manual payment is initially processed external to MOCAS. This type of payment is used under special circumstances (i.e., IRS levies, large dollar interest payments, or payments impacted by cancelled funds). A check is prepared manually on the same day that the payment package is prepared. A manual/manual payment is still subject to all of the same payment requirements as other invoice payments, but also must have proper FMS expenditure authority, if applicable, and review of the disbursement accounting data, in lieu of MOCAS validations. All manual/manual payments are tracked carefully to ensure that the payment is later entered into MOCAS.

Prevalidation

Section 8137 of Public Law 103-335, which is also referred to as the “Grassley Amendment”, requires the matching (prevalidation) of every DoD disbursement to particular obligations in the official accounting record prior to disbursement. For the purposes of the Grassley Amendment, the value of a disbursement is based on the **gross** amount of a single request for payment (invoice, cost voucher, request for progress payment, etc.). A disbursement amount may not be the value of several demands rolled together for efficiency, nor can any one request be separated into two or more smaller requests to circumvent the need for prevalidation. **Partial payments may be authorized by DFAS-CO management to process invoices containing canceled funds or Red appropriations, and may only be processed at fiscal year end.**

Section 8137 allows **only** the Secretary of Defense the authority to wave the prevalidation requirement for three specific instances:

- Disbursements involving deployed forces.
- Disbursements for an operation in a war declared by Congress or a national emergency declared by the President or Congress.
- Disbursements under any other circumstance for which the waiver is necessary in the national security interest of the United States, as determined by the Secretary and certified by the Secretary to the Congressional Defense Committees.

At the inception of prevalidation (July 1995), invoices with a gross amount in excess of \$5 million were required to be matched to a particular obligation prior to disbursement, with the understanding that all invoices would eventually require prevalidation.



Currently, the following invoices are subject to prevalidation:

- *All invoices in excess of \$1,000,000 for contracts with effective dates prior to October 1, 1996.*
- *All invoices greater than \$2,500 for contracts with effective dates of October 1, 1996 or later.*

Delivery orders issued against existing FY 96 and prior contracts are excluded from the requirement at this time, unless an invoice on a particular delivery order totals \$1 million or more.

The prevalidation process takes place primarily outside the MOCAS system, within a mid-tier automated environment called the Payment Prevalidation Module (PPVM). Disbursement information from MOCAS interfaces with accounting station information to determine if an authorization to disburse funds may be granted. Most accounting stations have the capability of transmitting information systematically; however, stations not yet on-line can still receive/transmit authorization requests via manual methods (usually fax or cc:Mail).

The payment process begins when DFAS receives a demand for payment (i.e., an invoice, cost voucher, or progress payment request). The payment request is matched to a valid contract and acceptance report or other payment authorization. The terms, conditions, and dollar amount of the payment are validated, and if all requirements are met, the request is entitled. The term "entitled" can be defined as the process of determining the ACRN, CLIN, if applicable, dollar amount, to be utilized to pay the invoice. At this time, any request for payment that meets the prevalidation criteria is placed in the Payment Authorization Hold File and is systematically forwarded to the appropriate accounting station for authorization to disburse. PPVM is capable of electronically generating requests to major DFAS accounting systems.

If an accounting station does not have the capability of transmitting prevalidation information systematically (on-line), the process is performed manually. Once a valid entitlement exists, the initial request for prevalidation (the "7" initial request) is transmitted by fax to the appropriate accounting station. The request, which contains the same information included in a systematic request, is received by accounting station personnel and manually matched to accounting station records. An "8" approval or denial is faxed to DFAS by close of business the next day. If no response is received, DFAS resubmits the initial request to the accounting station (day 3 since determination of entitlement). If no response is received to the second request, a third request is submitted to the Commander or Director of the accounting station (day 5 since entitlement). If no response is received, a fourth request is submitted to the DFAS Center with Command oversight of that accounting station (day 7 since entitlement). The elevation process is used for both manual and automated stations.

One request for payment may be broken down over several lines of accounting per the terms of the contract. Therefore, more than one station may receive authorization requests for portions of the same invoice. The initial request for prevalidation is referred to as a "7" transaction, and must contain the following information: a system



generated Authorization Request Number (ARN), contract number, CLIN/SLIN, if applicable, dollar amount, ACRN, fiscal year, appropriation, limit/subhead, accounting station number, DODAAC, and record type.

Once the “7” transaction is received by the accounting station, the authorization request is processed. If the unliquidated obligation is equal to or greater than the payment request, and the Accounting Station validates to all data elements of the accounting line required by their agency, the accounting system sends the paying system an approved response, referred to as an “8 approval”, which grants authority to disburse those funds. The accounting system “earmarks” or reserves those funds, moving the approved amount to accounts payable so that it is no longer available for the payment of any other invoice/voucher. Upon receipt of the approved request, PPVM sends a release to the MOCAS Payment Authorization Hold File and the payment is scheduled for disbursement. At this point, DFAS continues the normal payment process, and payment is scheduled in accordance with pre-established cash management and prompt pay regulations and procedures.

The accounting classification data elements required for each service are listed below.

ARMY

*PIIN
SPIIN
ACRN
Appropriation
Limit Subhead
Program Year
Accounting Station
Sub Transaction Code
Program Element (FMS only)
Budget Project (FMS Only)*

DLA

*PIIN
SPIIN
ACRN
Appropriation
Limit Subhead
Program Year
Accounting Station
Sub Transaction Code*

Air Force

*PIIN
SPIIN
ACRN
Appropriation
Limit Subhead
Program Year
Accounting Station
Sub Transaction Code
Program Element Code
Material Program Code
Budget Program Activity (FMS only)*

Navy/Marines

*PIIN
SPIIN
ACRN
Appropriation
Limit Subhead
Program Year
Accounting Station
Sub Transaction Code
PAA/Cost Code*

If after receiving the “7” request, the accounting station determines that the authorization request is invalid, the accounting system provides a reject code and narrative data based on the type of payment. This data is reported back to the paying office as an “8 denial”. If the out-of-balance condition is not readily apparent and/or correctable (i.e., a contract modification, an adjustment, or a recoupment is not yet posted), a reconciliation process immediately begins and continues until the problem is corrected and the request can be approved. Both the accounting station and paying office personnel work together to



resolve discrepancies, so that the accrual of prompt pay interest for the payment in question is avoided. If multiple requests are submitted for the same invoice/voucher (i.e., if more than one accounting station is involved), DFAS suspends the payment until "8" approvals are received for all requests associated with that disbursement. After the disbursement is made on a prevalidated invoice, payment notice data referred to as a "9" transaction is sent to the appropriate accounting station. Upon receipt of this data, the accounts payable record is reduced and the disbursement is posted to accounting records.

Contract Reconciliation

After the consolidation of DoD accounting and finance operations in FY 1991, the DFAS Columbus Center addressed a number of problems with contract payments. Specifically, DFAS Columbus Center personnel corrected payments that were inaccurate because contracts contained erroneous financial information, were poorly written, or contained incomplete documentation. The DFAS Columbus Center also reduced the accounting errors that resulted in problem payments. The DFAS Columbus Center implemented corrective actions while continuing to make payments required by DoD contracts for work performed. Personnel working in the Contract Reconciliation units are Accounting Technicians, Financial Specialists, or Accountants.

Many contracts can require some type of review and/or reconciliation one or more times during their life. Reviews and reconciliations are designed to identify and correct financial imbalances. The imbalance may be between: (a) the contractor's invoiced amounts and the payment office records, (b) the Accounting Station records and the payment office records, and/or (c) the contractual documents and the payment office records.

Contract **reconciliations** and contract **reviews** are significantly different in scope and magnitude. Although the goal of both is to correct contract discrepancies, the time and effort required are significantly different. Not all contracts require a complete reconciliation. Some may require just a review, a much less intensive effort.

Reconciliation/Audit refers to the process of balancing the MOCAS Contingent Liability Record (CLR) to the contract, contract modifications, and disbursements.

The only categories that will be used to describe the reconciliation is whether it is complete/full or partial/limited scope.

Reconciliations can be categorized as either full or limited. When **ALL** of the obligation **and** disbursement documents are analyzed for the **ENTIRE** contract this is referred to as a **"full" or "complete" audit**. When **ALL** of the obligation **and/or** disbursement documents are analyzed for a **PORTION** of the contract, (e.g., select ACRN, CLIN, Accounting Station, etc.) this is referred to as a **"partial" or "limited scope" audit**.



Full contract reconciliations are labor intensive and consequently costly in time and resources. Reconciliations are usually caused by greater contract complexities (e.g., the contract has a high dollar value, is old, contains many modifications, and numerous payments). When discrepancies are discovered, because of the age and volume of transactions, the solution may not be immediately apparent. The discrepancy may trigger a complete audit of all prior transactions leading to the current problem.

In contrast, contract reviews are much less resource intensive. The actions are usually fairly simple with obvious solutions. They usually can be completed within a relatively short time under the normal course of the contract disbursing process.

Contract reviews are conducted to correct out of balance conditions on MOCAS contracts. However, the review actions may also be required to correct one or a limited number of previous payments, in order to facilitate a current contract payment or contract close-out.

There may be instances where it appears a contract review is appropriate, but as the review progresses it may become apparent that some type of audit, either "partial" or "full", is required.

Requests for review and/or reconciliation may be generated by an internal source, external source, or via deficient conditions identified in MOCAS (i.e., NULO, Debit WIP, etc.). There are various areas at DFAS-CO responsible for resolving these requests. Requests are routed to a specific area based upon who initiates the request. For example, a reconciliation request from an ACO on a DLA Form 1797 (Request For MOCAS Action/Information) will be routed to the Contract Audit area of the appropriate Directorate; a reconciliation request from Tinker AFB on Department of the Air Force letterhead will be routed to the Air Force Liaison Office.

A Database Production Log (mail log) is utilized in all areas that perform reviews and reconciliations, so that the requests can be tracked and reported, from receipt to completion.

DFAS-CO uses the Contract Reconciliation System (CRS) as the standard contract reconciliation tool. CRS is menu-drive PC/LAN based application used to reconcile contractual and financial data in MOCAS to source documents. This system incorporates Coding Automation (CA), Financial Reporting (FR), and Reconciliation Automation (RA).

Contract Closeout

The Accounting Technicians in the Contract Administration Report (CAR) areas are responsible for facilitating the timely and proper movement of contracts from receipt to closeout. The maintenance and control of the CAR will sometimes require a reconciliation between the payment office records and those of the accounting activity. The CAR is produced at the ACO-level as a month-end inventory of contracts in MOCAS



for full or limited administration. Contract assignment in the CAR is divided into three parts (A, B, and C) and subdivided into sections (1, 2, 3, 4, and 5-9). Assignment of contracts to a specific **CAR part** is based on the extent of attention and management required by the ACO.

- **Part A:** Contracts valued at \$100,000 or more which are assigned for primary and support administration. Contracts valued less than \$100,000 are also assigned to Part A under certain exceptional conditions. Part A contracts require extensive control and manual closeout by the ACO. The ACO may also request closeout assistance from DFAS. Part A contracts in section 4 are those which have pending research and/or need financial adjustment to be completed by DFAS.
- **Part B:** Firm Fixed Price contracts valued at \$99,999 or under. These contracts do not require extensive controls and will be automatically closed out. The ACO manages these contracts on a “management exception” basis.
- **Part C:** Contracts valued at \$99,000 or less which are assigned for limited support or administration. Limited administration includes single assignments such as: production only, property only, disbursement only, and other similar functions.

The assignment of a specific **CAR section** is based on the activity status of the contract:

- **Section 1:** Active. Delivery and acceptance of supplies have not been completed.
- **Section 2:** Active but physically complete. However, final payment has not been made.
- **Section 3:** Dormant. The contract is pending termination or partial termination.
- **Section 4:** Reopened. The contract has been reopened by DFAS personnel for payment adjustments or corrections.
- **Section 5:** Closed.

The standard time for contract closing is categorized based on the type of contract and the number of months after physical completion, varying from 3 to 36 months. Ideally, contracts should automatically move in MOCAS from Section 1 to 2, then to 5. Subsequent to the contract closing in Section 5, there are two system-generated sections (8 and 9) assigned to closed contracts on a month-end basis. Section 8 is assigned to those contracts in Section 5 during the month. Section 9 is assigned to those contracts in Section 8 during the month. On a monthly basis, the system reviews all Section 9 contracts to determine if the close date is equal or greater than 6-months old. If the close date is greater, the contract and inventory-level data will be deleted from the database. Contract Completion Notices (PK9) and Unclosed Contract Status Reports (PKX) are the means of systemically reporting to the cognizant purchasing office the closure status of contracts assigned for primary administration. Contract Completion Notices are a by-product of the basic inputs in contract input processing, acceptance/delivery processing, invoice control, and disbursing processing.

Prior to moving to CAR Section 5, when there is a ULO balance and the final payment indicator has been input, MOCAS will automatically generate a Q Final transaction to reduce the ULO to zero. The CAR Accounting Technician is responsible for reviewing the Q Final report to determine whether the contract must be reopened and/or adjusted for



financial reconciliation, etc. For example, if it is determined that the final payment was coded in error, the contract must be reopened. In addition, MOCAS generates Notice of Last Action (NLA) transactions to alert personnel that the contract is closed/closing. Types of NLA notices include final payment alerts, contract reactivated alerts, unauthorized closeouts, etc.

Accounts Receivable:

The Accounts Receivable process begins with a claim of contractor indebtedness initiated by one of the following entities: The ACO, the PCO, the Terminating Officer, IRS Levies, the Contractor via Credit Memos, and various areas within the CED. After confirming the validity of the claim, the Accounting Technician will establish the Bill-of-Collection (B/C) file and issue the demand letter. The technician must issue the demand letter within 5 days of receipt of the claim of indebtedness.

In the CED Accounts Receivable areas, the B/C file should be active no longer than 90 days. Within that 90 days, the debt can be satisfied in one of several ways: the contractor pays the debt; the debt is offset against a payable invoice(s); the debt of \$600 or more is transferred to Debt Management; a debt of less than \$600 is written off; or the demand letter is rescinded or cancelled due to an error, etc.

The Accounts Receivable areas, Accounting Technicians will:

Review demand letter requests and initiate collection actions. *The A/R supervisor will log and date a demand letter request upon receipt. The supervisor will then distribute to the appropriate technician. The technician must issue the initial demand letter within 5 days from receipt of the request in A/R. Each internal demand letter request should include the front page of the contract, the most current modification, copies of obligating/disbursing documents relative to the claim, screen prints of MOCAS on-line administrative and accounting data, the contract history, and a copy of the audit summary, including the specific ACRN to which the collected funds are to be applied. Claims less than \$50 are returned without action. The technician will assign a B/C control number and issue the initial demand letter. The demand letter will identify the debt amount, notify the contractor that any unpaid amount will bear interest from the date of the letter, and notify the contractor that both the principal and interest will be subject to collection by offset if the debt is not satisfied within 30 days.*

Establish and track the B/C and maintain follow-up actions. *Upon issuance of the initial demand letter, the technician will enter the B/C data into MOCAS. This serves to alert CED personnel that the initial demand letter has been issued and DFAS is awaiting payment. If the contractor does not send payment within 30 days, the debt is considered to be delinquent, interest accrues and is calculated from the date of the initial demand letter. Immediately, personnel are authorized to offset; a contractor indebtedness code is input; and the second demand letter for debts equal to or greater than \$200 is issued. A/R personnel should coordinate efforts daily with the Entitlement area to identify invoices sufficient to liquidate the debt. Invoices impacted by cancelled funds and Appropriations in the Red are not valid invoices to satisfy the debt. A/R may retain the debt file for 90 days. If the contractor has entered into an installment agreement, A/R may retain the debt file beyond 90 days (generally 1-3 months).*



Submit uncollectable debts to the Debt Management Office. Debts less than \$600 will be written off after the 90-day period if it is apparent that liquidation of the debt is not feasible. Debts greater than \$600 will be transferred to the Debt Management Office. In addition, A/R will apply a credit (equal to the debit) to the affected ACRN(s). The contractor indebtedness code is not removed from MOCAS until the debt is satisfied.

Establish and track credit memos. The Defense Financial Management Regulation 7000.14-R, Volume 10, Chapter 18, 180404, outlines the use of credit memos. A credit memo is an invoice reflecting a credit due the government, the amount of which may be deducted from subsequent invoices. The credit memo represents a voluntary acknowledgement by the contractor of being indebted to the government. Current DFAS CED business practices indicate that offset action is to be initiated immediately. If there are no valid invoices available for offset at the time that a credit memo (equal to \$50 or more) is received, or if the total net amount of the available invoice(s) is insufficient to offset the amount of the credit memo, a demand letter will be issued within 5 working days from the date that the credit memo is received. Lastly, during DFAS-CO and Defense Industry Leader (DIL) conferences, the CED identified what policies and procedures would be followed for the submission of credit memos in an effort to implement best business practices.

Credit memos are entered into MOCAS and the system will generate the message VO Deduction Pending on the MAAPR. This message will alert the Entitlement Voucher Examiner that Accounts Receivable has a credit memo to be deducted from the payable invoice. The message will apply only to those invoices associated with the contract in question. If the contractor prefers that the credit memo be applied against another invoice from another contract, it must be clearly identified in writing by the contractor.

Review the Hold-Up List and bankruptcy notifications. The List of Contractors Indebted to the United States (normally referred to as the Hold Up List) is maintained, published, and distributed by DFAS Indianapolis. This list contains the names of all contractors and carriers who have been reported to the command as being indebted to the United States. With the exception of debts managed by DFAS Indianapolis, the DFAS Debt Management Office is the only DFAS office authorized to submit debtors to the Indianapolis for placement on the Hold Up List.

Similar to IRS requests, Accounts Receivable is responsible for ensuring the collection of any money owed by the contractors cited on the Hold-Up List via immediate offset action. All invoices impacted by the Hold-up List must be processed through the use of a Manual/Manual payment by the Entitlement area. The collection will be forwarded to DFAS Indianapolis for transmittal to the appropriate creditor.

CLR Balancing

Fund control and disbursing functions are an integral part of MOCAS. The CLR is maintained to show the status of funds on all contracts administered and paid. The CLR reflects the obligation and unliquidated obligation for each line of



accounting applicable to a contract. All disbursement transactions are systemically compared to determine if sufficient ULO exists.

The primary purpose of the CLR is to control the amount to be disbursed under contracts which have been assigned for payment. The CLR must be balanced daily. The process is accomplished by two balancing procedures:

- **Obligations:** Commitments of funds by an agency to a contractor. The commitment is reduced by the amount disbursed.
- **Disbursements:** Actual expenditures of funds to satisfy an obligation.

Balancing is performed by military service – Army, Air Force DLA, and Navy. Each day the Accounting Technician in CLR Balancing will receive the invoice payment batches (disbursements) by service and compare the information received to numerous MOCAS reports. The technician will account for those transactions that have rejected, voided, suspended, deleted, and paid. Obligation balancing is also performed at the military service-level. However, obligation balancing is not computed by batch or transaction, but rather is based on the day's business.

Cash Management

The Cash Management function is a result of DoD's policy and objective as follows:

- DoD components shall design and operate cash management systems that are responsible for ensuring disbursements are made when due; not early and not late.
- DoD components shall pay bills on time. Late payments result in interest penalties, which cause prices of goods and services used within DoD to rise. Early payments cause cash to be withdrawn from the US Treasury prematurely, which results in unnecessary service costs on the national debt.

The following are invoice types with associated payment timeframes:

- Commercial and DD Form 250 invoices must be paid within the time period specified in the contract, which is generally **30** days.
- Invoices submitted under contracts for meat and meat food products, or fish, perishable agricultural commodities, contracts for dairy products, edible fats or oils, or food products prepared from edible fats or oils, and contracts that do not require submission of an invoice will contain due dates of **less than 30** days.



- Fast payment procedure invoices must be paid within 15 days.
- Interim cost or bureau vouchers and commercial item financing invoices must be paid within **14** days.
- Commercial and DD Form 250 invoices submitted by Small Disadvantaged Business must be paid within **10** days.
- Contract financing payments (i.e., progress payments, performance based payments, and advance payments) must be paid within **7** days.

MOCAS systemically performs cash management by holding invoices until then payment due date.

Financial Control Division

The Financial Control Division accomplishes accurate and timely reporting of appropriation, accounting, and financial funding data disbursement transactions. The Division is responsible for maintaining and controlling accounting classification validation files for the Contract Entitlement Directorate, serves as the focal point for processing check collections, resolves problem disbursements, and vouchers and reports all SF 1081 adjustments for MOCAS. Other functions in this Division include: Foreign Military Sales (FMS) Expenditure Authority (EA), Master Address File (MAF) maintenance, interest payment, transportation approval, and the control of invoices impacted by cancelled funds. In addition, the manual prevalidation process for requesting disbursement authorization and coordinating with the cognizant accounting activity (s), and updating the manual prevalidation 8 transmission in PPVM resides in this division.

Ensures Expenditure Authority is authorized on all Foreign Military Sales (FMS) transactions. The Financial Control Division personnel review the UYFG31, Daily Disbursement Report, to identify vouchered transactions (i.e., disbursements, SF1081 adjustments, or collections) impacted by Foreign Military Sales (FMS). Personnel review the listing to ensure the country and case are valid. For valid transactions, personnel access the Defense Integrated Finance System (DIFS) to receive Expenditure Authority (EA) authorization. For any adjustment processing, personnel must also validate and compare MOCAS financial reporting transactions to those transactions being adjusted via the Contract Reconciliation System (CRS). Upon EA approval, the transaction is processed. If EA approval is not received, the transaction is voided and re-processed pending additional research. For those countries that require 48-hour advance notification (e.g., Saudi Arabia), personnel do not access DIFS to receive EA authority. Personnel must contact DFAS Denver directly to receive EA approval.

Accomplishes accurate and timely reporting of appropriation, accounting, and financial funding data disbursements transactions. The following are financial reporting requirements by service:



- **Army/DLA:** A Transaction For Others (TFO) is a payment or collection processed by DFAS-CO which charges or credits funds citing a specific fiscal station other than their own. DFAS-CO prepares the TFO Intra-Army or DLA/DCAA Report, RCS: CSCFA-110, and transmits the report and supporting documentation daily to the Army-funded accounting station. In addition, on a monthly basis a cumulative report of all TFOs for Army is transmitted via the Daily Receipt and Outlay Data Report, RCS: CSCFA-302 report. The transactions processed reflecting an Army accounting station are either accepted by the Fiscal Station Number (FSN) into their accounting records or rejected back to the Disbursing Station Number (DSSN) that disbursed the transaction. The Army station will process all rejects through the CSCFA-304 Clearance Report. These transactions will appear on the monthly DSSNs TFO Uncleared Listing from DFAS Indianapolis as a charged rejected transactions. For each rejected charge, a letter of Notification of Rejection and the voucher will be returned to DFAS-CO for research/resolution.
- **Air Force:** The Daily Disbursements Report, RCS: HAFACFW-7138, provides a daily list of Air Force disbursements. Upon receipt of the report, it is reviewed for errors and reconciled to the Air Force Vouchered Disbursement List, the Air Force Refund List, and the Disbursing Report. If error conditions are noted during the review, corrections, deletions, or additions will be made to correct the listing. In addition, the AFSC Remaining Fund Report, RCS: HAFAFM-7140, provides Air Force with a monthly summary of data from the CLR master and certain selected data elements from the CAO master. CAO elements are contractor name, CAO section, type of contract, buying activity, reason code and estimated completion date.
- **Navy:** The Daily Navy Expenditure Report generated from MOCAS contains the daily disbursement and collection transactions processed for the Navy. The report will be reconciled to the Navy Voucher Disbursement List and the Navy Refund List. Error conditions will be identified and corrected. Manual transactions are added to the report, voided payments are deleted, and once balanced the information is transmitted to DFAS Cleveland. Upon transmission to Cleveland the information is validated against the Centralized Master Edit Table (CMET). Those transactions rejected based on CMET validations will be identified on the Financial Reporting System (FRS) work suspense file to be corrected, if applicable, by the Financial Control Division to allow future transactions to pass systemic edit tables. Upon finalized acceptance based on CMET validations, the information is then released to Centralized Expenditure Reimbursement Processing System (CERPS) which is subsequently passed to the cognizant accounting station.



MOCAS Environment Overview

The DFAS and Defense Contract Management Agency (DCMA) use MOCAS in the administration and payment of supply and service contracts. MOCAS was a batch-oriented system that has been updated to an on-line interactive system with a batch component. MOCAS is made up of nine subsystems that support DCMA's contract administration. The MOCAS financial subsystem is used for procurement payment/entitlement determinations. MOCAS supports the overall business process associated with contract administration and payments. MOCAS contains a database of all delegated contracts, either manually input from hardcopies of the contract; electronically received from the field purchasing activities through Military Standard Contract Administration Procedures (MILSCAP) processing; or received through Electronic Data Interchange (EDI) using the 850 transaction set. Entitlement determinations in MOCAS can be performed automatically or manually. Assuming successful entitlement verification, MOCAS performs an automatic disbursement by check or EFT.

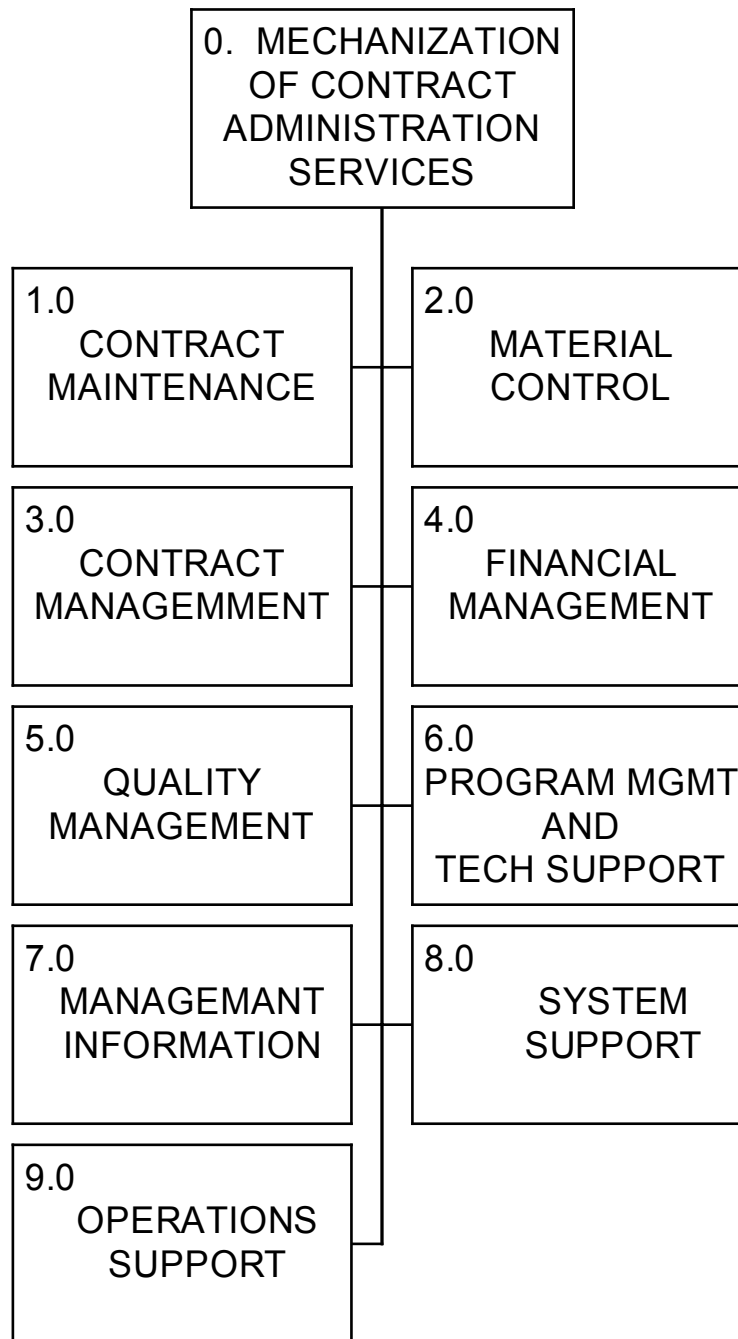
DFAS-CO uses Mechanization of Contract Administration Services (MOCAS) as the entitlement system for contract payment. MOCAS is an integrated, automated system used to support post-award contract administration performed by DCMA along with the entitlement determination for contract payments made by DFAS-CO. Generally, the contracts administered using MOCAS involve multi-year funding with multiple deliverables. They are usually high value and often require making contract financing type payments to the contractor during the course of the contract. In general, the MOCAS entitlement process requires the following:

- Proof of government acceptance of goods and services (receipts)
- Proof of government approval for progress payments, performance based payments and commercial item finance payments
- Contract information
- Invoice from contractor
- Assurance that funds are available to make the payment (pre-validation information)



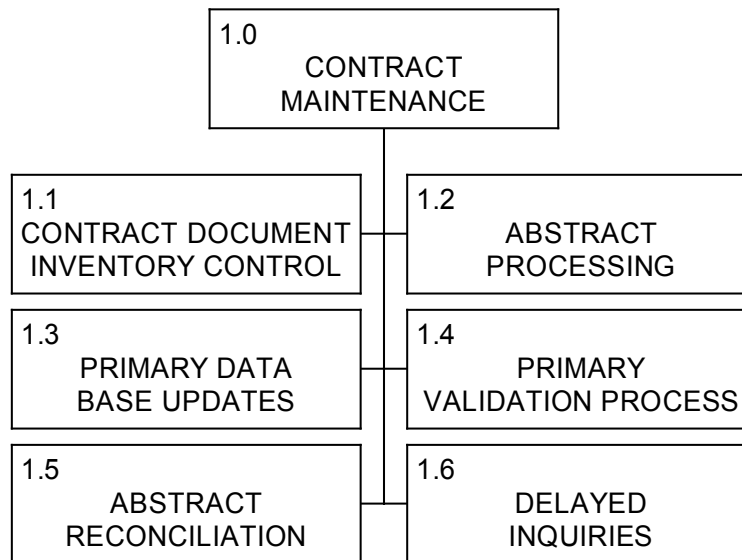
MOCAS system can be divided into distinct subsystem structures. Each of these subsystem structures supports specific business functions within DCMA and DFAS. The applications that make up the subsystems represent a combination of mainframe, mid tier and personal tier programs. These include:

- Contract Maintenance
- Material Control
- Financial Management
- Contract Management
- Quality Management
- Program and Technical Support
- Management Information (No longer used by DFAS or DCMA)
- Systems Support



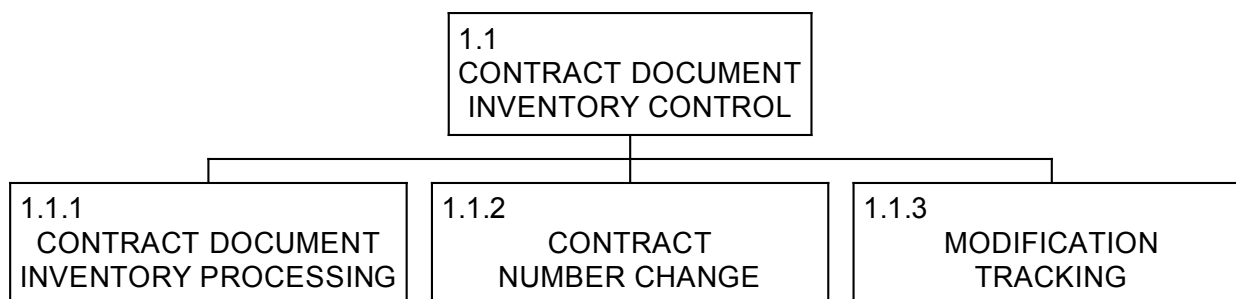


1.0 CONTRACT MAINTENANCE





1.1 CONTRACT DOCUMENT INVENTORY CONTROL



1.1.1 CONTRACT DOCUMENT INVENTORY PROCESSING

- a. The objective of the Contract Document Inventory function is to control the workload of contractual documents to be entered or reviewed by the MOCAS Users. Hard copy contracts or modifications from EDA which are not also sent via MILSCAP/EDI received by MOCAS Users must either be entered completely or the results of transactions received through the Military Standard Contract Administration Procedures (MILSCAP) function and EDI must be reviewed and augmented as required.
- b. A by-product of this function is the current statistical inquiries and reports used by management to monitor workload progress. Inquiries provide beginning workload balances, receipts of new documents, documents processed, and the average time required to process documents on a given day for the entire organization or groups within the organization. A specific inquiry related to daily MILSCAP and EDI workload and progress is also provided. Hard copy reports reflecting much of this same information are provided daily.
- c. Tracking related to MILSCAP and EDI workload is provided further support by the Contract Document Inventory Processing function. This function tracks whether or not the hard copy contract for a MILSCAP or EDI document has been received by the finance office. If the hard copy contract has not been received within 15 days, the function mechanically generates a hard copy request to the purchasing office.

1.1.2 CONTRACT NUMBER CHANGE



a. The Contract Number Change function was designed to automate the updating of control fields on contract data in MOCAS. Due to operator error or the unforeseen changes to a contract, there will be times when changes to certain Mechanization of Contract Administration System (MOCAS) control fields will need to be made. Contract number and control data changes within the MOCAS system allow supervisory functional personnel to change these primary control fields without the use of a deletion or reversal function. These changes may be made on-line and in the batch cycle.

b. On-line control data changes are made to contracts which have not yet been completely processed and validated (i.e., on the Data Entry Data Base). The user has the ability to change the following control fields; the Procurement Instrument Identification Number, the Supplemental Procurement Identification Number, the Contract Administration Office Organization Code, the Accounting Classification Reference Number, and the Contract Line Item Number.

c. Overnight (batch) control data changes are made to contracts, which have successfully completed all data entry validations and processing and have been recorded on the master contract files. The user has the ability to change the same control fields described for on-line control data changes above. The system reports changes to the Procurement Instrument Identification Number and Contract Administration Office Organization through the Contract Abstract which is built for all contracts that have completed validation processing. This report is generated daily.

1.1.3 MODIFICATION TRACKING

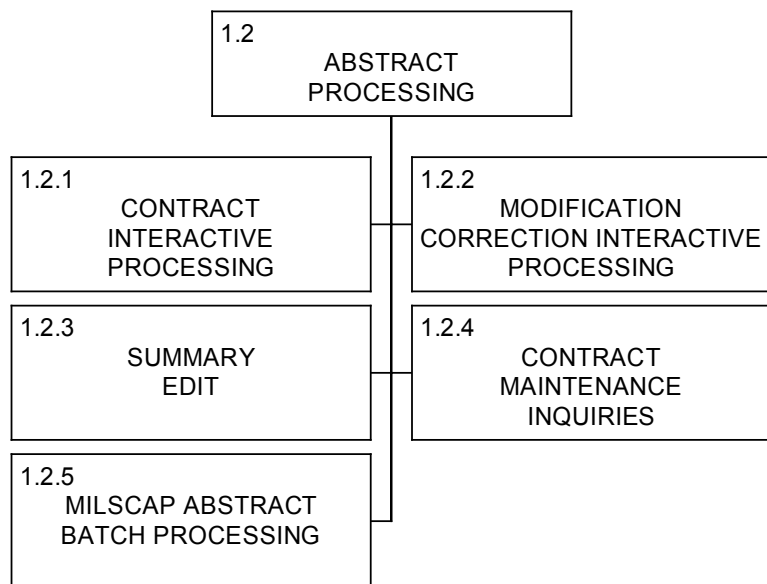
a. The MOCAS System supports effective tracking of contract modifications. The tracking process begins from the moment the modification is entered into the system. Modifications are entered into the MOCAS system through Contract Document Inventory Control. The purpose of this is to establish the MOCAS Data Base Management Inventory File for control of all contractual documents. For modifications that meet the validation criteria for entry into the system, the system prepares a report listing all those that were acceptable.

b. The system will not allow a duplicate modification to be entered. When the system encounters a modification that is already in the data base or processed and awaiting the hard copy document, the user will not be allowed to continue processing that duplicate modification.



c. A Contractual Document Backlog List is generated by the system to identify contract and modification documents that have been received but that have not been processed into the system. The system also generates a report of the Contract/Modification Backlog Statistics. This report supplies totals, by Contract Administration Office, for modifications received, accepted and deleted, unmatched modifications, duplicate modifications, average modification age on hand, etc. Modifications to contracts are not always received in numerical order. However, for a specific type of modification, modifications for all numbers within a range would eventually be received and recorded. To assist follow-up with the Procurement Contracting Officer (PCO) and Administrative Contracting Officer (ACO) to obtain missing modifications, MOCAS provides a Weekly Missing Modification list. The list may then be reviewed and the steps taken to obtain any missing modifications prior to closing the contract. A Monthly Missing Modification Summary provides a statistical summary report of missing modifications by Buying Activity. The report gives the total number of ACO and PCO modifications missing, and the total number of modifications by age group for both the Buying Activity and the Contract Administration Office. Missing modifications can also be viewed on any requested Contract Abstract.

1.1.3 Abstract Processing





1.2.1 NEW CONTRACT INTERACTIVE PROCESSING

a. New Contract Interactive Processing is an on-line, real-time process which supports the extraction of new contract data for later inclusion in the MOCAS system primary data base. Contract level data such as terms and conditions, parties involved in the contract and administrative remarks are extracted from the document.

b. Additionally, accounting data such as the obligated funds, appropriate accounting classification (ACRN), and activities are extracted. Finally, line item and delivery schedule data are also extracted. Data is held on the data entry database until Summary Edits. Special edits and the recording of the data in the primary database do not occur until Summary Edits are completed.

c. New contract Input process establishes a valid contract/abstract to support the processing of delivery transactions, disbursements and contract closeout actions. It assists functional organizations within the DCMA and DFAS in performing administrative duties. This includes providing general information that identifies the contract, government agencies invoiced with the contract, and specific contract dates. There is financial data which identifies the source of funding and the accounts use to control the obligation and payment of the contract. In addition, transactions/updates against new contract inputs provide a basis for interfacing with the Military Services and DLA Purchasing Offices via Military Standard Contract Administration Procedures (MILSCAP) and /or File Transfer Protocol (FTP).

d. The Contract Maintenance Master Menu is used to initiate the input processing of the contractual documents. By selecting the proper function from the appropriate menu screens, the user will be able to establish, delete, correct, or inquire against the host database. This data will include general contract level information, payment provisions, payee name and address, remarks, accounting data, service/supply line item, schedules and supply shipping data.

e. Once all contractual data is entered, the MOCAS system performs a Summary Edit process to ensure that all necessary data has been recorded and that balances and inter-relationships among records are correct for each document before the host data base is updated.



1.2.2 MODIFICATION AND CORRECTION INTERACTIVE PROCESSING

a. Modification and Correction Interactive Processing is an on-line real-time process which supports the extraction of Modification or Correction data for later update to the data already recorded in the MOCAS primary contract data base.

b. Extraction of modifications or corrections to Contract Level Accounting and Line Item/Delivery Schedule data are supported by this process. Data currently recorded for the contractual document are displayed for the user, Accounting and Line Item/Delivery Schedule data may be added, changed, or deleted via this process. Delivery schedules may be changed without the need to process separate, delete and add actions. Validation of the data occurs as it is entered. Data is held on the data entry database until Summary Edits. However, special edits and the recording of the modification or correction in the primary data base does not occur until Summary Edits are completed.

c. ACO directed changes will be made to authorized fields only in the following records: The Contract Data Record, the Provisions Data Record, and the Remarks Data Record. Production directed changes will be made to the Contract Data Record, the Remarks Data Record, and the Supply Schedule Master Menu to correct errors which do not effect the nominal, defined as the Total on Order Quantity for the line item. Contract Management is limited to corrections of data fields that do not affect payment. The other fields are restricted. Changes to the restricted fields must be processed through Finance or via selected personnel at the Contract Management Office (CMO).

d. To enter a modification into MOCAS, it must first be entered into the inventory (backlogged). This allows the system to extract the necessary contract records from the host database and rebuild those records on the data entry database so that corrections can be made. Contract corrections do not need to be backlogged. After making corrections, the appropriate record will be extracted from the host database.

e. After the modifications and corrections are entered on the data entry data base, the Summary Edit process begins which ensures that all necessary



data have been recorded and that balances and inter-relationships among records are correct for each document before the host data base is updated.

1.2.3 SUMMARY EDIT

a. Summary Edit is the process which assures that all required contractual data has been recorded and that balances and other inter-relationships among the Contract Level Accounting and Line Item Delivery Schedule data is correct. Once all data is determined to be correct, the Summary Edit process transfers the data to the primary database. Data extracted and entered via the New Contract Interactive Process or the Modification and Correction Interactive Process is validated and updated by the Summary Edit Process.

b. In addition, when errors are encountered, the process provides an indication of the error plus various options which can be used to correct the specific error.

c. The Summary Edit Process performs the following contractual functions: final relationship, balances edits and data generation, summary edits for new contracts, updates various data elements into the host data base following completion of the summary edit validation, updates valid data, updates line item data, adds schedule data to the host data base, updates accounting data entered for the contract. During Summary Edit, data from various contractual records are analyzed and used to construct new data needed to complete records. Some of the data generated includes Special Contract Provisions, Contract Administration Reports (CAR) Part Numbers, and Provision Level Inspection/ Acceptance code. As errors are encountered, the user is prompted and brought to the appropriate screen for error correction. Examples of validations checks that summary edit performs are: Invalid Delivery Dates, Missing Accounting Records, Missing Line Item Records, Missing Schedule Records, Total Item Amount, and Total Obligated Amount.

d. Contracts on the Unvalidated Transaction List are those contracts which have not passed Summary Edit due to a problem or upon which work is incomplete. Once all validation checks have been performed and all errors have been corrected, the system will then post the new contract, modification, or correction to the host data base from the data entry data base. If a contract, modification, or correction is not summary edited when completed, the document will appear on the Unvalidated Transaction List



and will remain resident on the data entry data base. Contract Maintenance personnel must review the Unvalidated Transaction List daily and either summary edit or remove, by supervisory actions, the contracts appearing on the list. While contracts are on the Unvalidated Transaction List, no other user within the region may access it, therefore, a user or supervisor responsible for completing transactions on that contract must clear it for acceptance onto the Host. Unvalidated transactions which are over 60 days old are purged in addition to contract where hard copy tracking has not been received.

e. The Summary Edit process can be performed on-line or through a background process which allows the user to start additional work. The criteria for when a contract goes to background summary edit is set by management using a table to indicate the starting number of line items, schedules or accounting records that will trigger the process.

1.2.4 CONTRACT MAINTENANCE INQUIRIES

a. The Contract Maintenance Inquiries provides on-line, real-time inquiries to the data recorded in the data entry data base. Both detail inquiries and summaries by contractual documents are provided. Management of the data extraction process is also supported with summary inquiries reflecting the documents currently being extracted and summaries of the number and types of documents processed by specific Reading Group Specialists (Users).

b. The Inquiry process provides the user with the ability to request data from the MOCAS system on an as required basis. Use of inquiries reduces the user dependence on numerous cyclic hard copy reports which become obsolete one cycle after printing. Inquiries provide current data to the end user, thus, increasing accuracy of functional tasks. All on-line inquiries are menu driven and are therefore, easy to access. Personnel can determine the status of any contractual document in the system by use of on-line inquiries.

c. The MOCAS system allows users to access data from two data bases: (1) The Host Data base which is now called the Master File; contracts on the "Host" are in the system, and (2) The Data Entry Data Base (DEDB); Contracts that are not yet in the system (i.e., new contracts, support contracts being worked on). Before these contracts can be accepted on the "Host," they must pass through the summary edit validation. Inquiries



allow for interrogations at various level. These levels include the contract level, accounting classification level, line item level, shipment level, inventory level, etc.

d. Some examples of the types of inquiries available in MOCAS are: Applied Modifications Inquiry, which allows the user to view all modifications pertaining to a specific contract; Contracts by Contractor Inquiry, which provides a list of all contracts belonging to a particular contractor in MOCAS; Shipment Data by Contract Inquiry, which provides a list of all shipments on a contract by line item; and Select Individual Records Inquiry, which allows the user to select specific records from the contract level and lower. The full online contract abstract is used extensively and provides a real time image of the contract with all transactions applied.

1.2.5 MILSCAP ABSTRACT BATCH PROCESSING

a. The Military Standard Contract Administration Procedures (MILSCAP) Abstract Batch Processing function is the MOCAS entry point for contract abstract data from Purchasing Offices, via Automatic Digital Network (AUTODIN) or via FTP for EDI transactions.

b. MILSCAP contract abstract data or EDI 850 data is generated at a purchasing office and is established in the MOCAS database by MILSCAP transmission or FTP in abstract record format. The Abstract Batch Processing function validates the contract data (Primary Validation Process), generates various MOCAS records required to create valid abstract transactions and segregates it into several categories based on the type of data. Examples may be inventory data, administrative data or line item data.

c. Additions, changes and deletions are made to the MOCAS databases based on abstract data received. This data may contain information regarding modifications, corrections, acknowledgments, cancellations revised delivery forecasts, shipments, performance data, and contract payment notices.



d. Transactions that do not pass validation are rejected and suspended for correction pending receipt of the hard copy document or image (MILSCAP Fallback Process). Transactions that do not meet the MOCAS primary validation process are rejected in total during the MOCAS batch cycle. They require research and correction as appropriate. Rejected MILSCAP or EDI contracts/mods can be successfully processed into MOCAS in one of two ways. Fall back programs which pull up the rejected image and lets the user correct it and summary edit. Or by deleting the inventory record and manually inputting the entire contract on-line in MOCAS. Both processes are on-line and do not require a batch cycle to build the contract/mod into the database.

1.3 PRIMARY DATA BASE UPDATES

a. All valid transactions processed nightly must be recorded on the data base for further access and use by Contract Management and Contract Payment personnel. The data base update function accomplishes this support by recording Contracts, Contract Modifications, Contract Corrections, Deliveries, Addresses for contractors and government activities, Invoices, Contract Completion Notices (CCNs), Disbursements, and other input transactions on the Prime MOCAS Data Base.

b. The Prime Data Base consists of 139 files. The Contract Provisions and Administrative Data file (PINS/V), Contract Modification file (MODS/V), Shipment file (SHPS/V), the Contract Line Item file (CLNS/V), and the Schedule file (SCHS/V) are some of the names of the Prime Data Base files.

c. The update takes place after the validation of the input transactions that produces accepted and rejected transactions. The outputs from this process are Production Abstract triggers, Line Item and Schedule totals, and Completion, Destination Acceptance Transactions, Address file updates, Contract Data Input Sequential table updates, and other transactions.

1.4 PRIMARY VALIDATION PROCESS

a. In order to insure that the transactions which are recorded on the data base meet certain required conditions, the Batch Validation Function was



developed. All transactions processed nightly (from MILSCAP transactions to Obligation adjustments) are subjected to four validation processes, which are File Compare, Structure, Relationship and Balance. Each of these validations flag errors detected and annotate an appropriate error message to the file created by each validation process. After all validation is complete, the error files are merged into one for further cycle processing. Ultimately, any errors encountered output to the user via reports.

b. The File Compare Validation program reads the input records and compares data contained in them with various data base files to assure the accuracy of the input data. The Structure Validation program validates the input records for structure related conditions, such as fields that must be numeric or alphabetic. The Relationship Validation program validates the input records based on their relationship to other records on the file and other logical conditions within the MOCAS system. The Balance Validation program will balance quantity and amount fields for all record sets as needed.

c. The Validation Monitor program will combine the multiple files used in the validation programs into one file for later use by update and report programs. It will generate trigger records' for valid update transactions with appropriate coding to indicate what data elements are to be changed. It will reformat Invoices, Obligations and Disbursements into acceptable formats for later processing in the Automated Payment of Invoices, Contingent Liability Reporting and Invoice Application areas.

1.5 ABSTRACT RECONCILIATION

a. Certain out of balance conditions within a contractual document identified during automated validation will not cause a contract transaction to reject. These are called Acceptable Errors and are identified as such on the Accepted Abstract reports. However, these conditions may indicate that accounting or line item records are missing or records entered contain out of balance dollar values. The Abstract Reconciliation function identifies and reports these unbalanced contracts. In addition, a report reflecting the data currently recorded on the data base for the contract is provided. These reports are used to reconcile accounting level unliquidated obligations to the extended value of the undelivered items plus any accrued expenditures for the contract.



b. Users may also request that the Abstract Reconciliation function be performed on specific contracts through the Delayed Inquiry function. Delayed Inquiry requests are made on-line. The reports (same as above) are provided after the next batch cycle.

1.6 DELAYED INQUIRIES

a. The Delayed Inquiries function provides the MOCAS users with the capability to interrogate the data base at various levels within a given set of parameters. Response to these requests is provided the next day. Through the use of the Delayed Inquiries function, users can determine the status of any contract in the system at a specific point in time. Certain Delayed Inquiry requests are automatically prepared by the MOCAS system. Examples of these automated requests include Abstract Requests and Abstract Reconciliations.

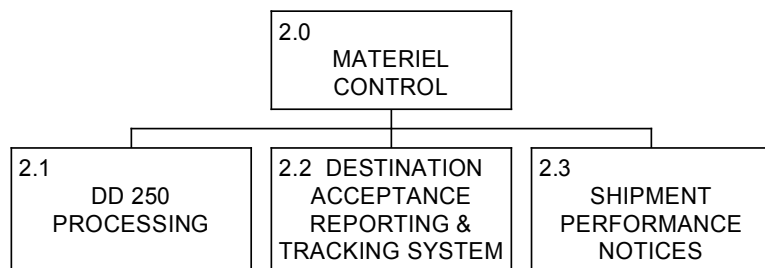
b. Inquiries are processed in a batch environment as well as an on-line environment. Delayed inquiries are obtained by input of the inquiry request, in an on-line environment and the output is received the next day. The two primary delayed inquiry categories are production delayed inquiries and contract management delayed inquiries.

c. In the contract management delayed inquiries function, the user can request hard copy reports. For example, a copy of the contract abstract can be requested, the data that is to be selected can be narrowed down by constraints. One constraint allows the user to select the type of contracts to be reported, another constraint allows the user to select the extent of the database to be inquired upon, and another constraint can limit the portions of the contract abstract to be provided.

d. Information related to production administration is available to production personnel through the Production Administration Delayed Inquiries function. The majority of the inquiries for the production administration are the same as the contract management inquiries, except sorting is by Industrial Specialist code, instead of Administrative Contracting Officer code. The production inquiry menu offers production personnel workload inquiry, which provides a detailed listing of the number of contracts an Industrial Specialist is responsible for performing delivery management surveillance.



2.0 MATERIEL CONTROL



2.1 DD 250 PROCESSING

a. The Material Inspection and Receiving Report, commonly known as the DD Form 250 is a multi-purpose document which serves as a: Shipping Document, Evidence of Inspection and Acceptance, Packing List, Shipping Notice, Receiving Document, Contractor Invoice Support document and Contractor Release and/or Contractor Invoice.

b. The DD Form 250's primary functions are for updating line item quantities shipped and accepted. Where the contract contains the FAR clause requiring a DD 250 be prepared, the DD 250 serves as evidence of Government acceptance as part of the entitlement process. It begins when the contractor is to perform the delivery of goods or services to a receiving activity. At this time the contractor will prepare the DD Form 250. For those contracts citing inspection and acceptance at source, the Quality Assurance Representative (QAR) will inspect the material and if it complies with the contract, accept the material by signing the DD Form 250. Some contracts cite inspection at source and acceptance at destination or inspection and acceptance at destination. In these cases the material will be accepted at the receiving activity and both require a properly prepared DD Form 250. Along with the preparation of the DD Form 250 the contractor



must also make proper distribution as required by DFARS Appendix F and the contract.

c. Next, the contractor will submit to the payment office (DFAS) a request for payment, known as a invoice. The DD Form 250, when used as an invoice, must contain the same mandatory information as prescribed in DFARS Appendix F along with the several additional elements in order to be considered an invoice within the MOCAS Payment Process.

d. The MOCAS Payment Process is highly mechanized and automated. The accuracy in which the DD Form DD 250 is prepared, its timely submittal, and proper distribution has a direct effect on the payment process. Failure to adhere to the distribution or preparation requirements above can result in a delay of contractor payment or the return of an invoice.

e. Once the DD Form 250 has been received by the Contract Administration Office (CAO), it is reviewed to ensure that all required blocks have been completed and a valid signature has been furnished. It is then input into MOCAS. During this on-line process a series of edits and validation occurs. MOCAS performs both structure validation and file comparison of data entered from the DD Form 250 such as: PIIN/SPIIN, SHIPMENT NUMBER, CLIN, ACCEPTANCE POINT, SHIP TO, MARK FOR, and MILSTRIP NUMBER. The system also compares what is being entered on the DD 250 to that information recorded in MOCAS contract abstract data to ensure a match. If it does not match the record it recycles for research and either return to the vendor for correction or CMO correction of the MOCAS contract information. The data entered for this process is used to create an Accounts Payable Transaction, a Shipment Performance Notification, the establishment of the Destination Acceptance Reporting Tracking System and several reports utilized in the MOCAS Payment Process. DD Form 250 processing also generates information of interest to the Contract Management personnel, such as Production and Quality Assurance. The actual updates from the DD 250 processing do not get reflected at line item level until the batch cycle is run. The Shipment Performance Notice is referred to as PJJ/PJR MILSCAP transaction. These MILSCAP transactions are sent electronically to the buying activity's system where in many cases they are used to automatically update the Procurement Office's system to document performance.



2.2 DESTINATION ACCEPTANCE REPORTING TRACKING SYSTEM

a. The function of the Destination Acceptance Reporting and Tracking System (DARTS), known as DARTS, within the MOCAS system is to provide a means for the automatic transmission of shipment and acceptance data between DFAS personnel and the Receiving Activity (destination), when the acceptance site specified in the MOCAS database is destination. It also serves as a way to track and to provide a visible means for follow-up actions on destination acceptance type shipments.

b. The DARTS system does not apply to contracts within MOCAS that cite source acceptance or contracts authorizing the Fast Payment procedure. The system is triggered in MOCAS when a valid Material Inspection Receiving Report (DD Form 250) requiring destination acceptance has updated MOCAS. MOCAS will then generate an automatic alert, in MILSCAP format, to the Receiving Activity (destination). In response to the alert received, the Receiving Activity will send acceptance/rejection information in MILSCAP format back to DFAS, via the Autodin, which will automatically enter MOCAS and update the DARTS system.

c. In cases where DFAS does not received a reply to the shipment alert, within the specified time frame in accordance with MILSCAP, the MOCAS system will automatically send two follow-up alerts in the same MILSCAP format to the Receiving Activity. When no response has been received, DFAS will make manual follow-ups by phone, email, letter or fax.

d. Sometimes, the Receiving Activity may reject all or part of a shipment. The receipt of the discrepant notice in MOCAS will trigger the DARTS system to automatically establish a thirty day suspense deadline for resolution of the discrepancy. The suspense can be cleared at any time once a second notice is received which completes or resolves the discrepancy. The ACO also receives a Shipment Discrepancy Alert Notice in order to enforce contractual remedies for nonconforming or missing material.

2.3 SHIPMENT PERFORMANCE NOTICES

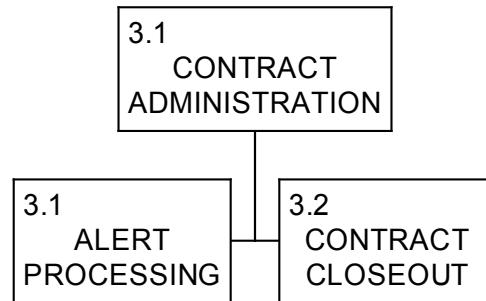


a. The Shipment Performance Notice (SPN) is a by product produced within MOCAS in the DD Form 250 process. Any DD Form 250 that successfully pass MOCAS validation will automatically generate a SPN to the Purchasing Office via the autodln network thru the Military Standard Contract Administration Procedures (MILSCAP). This data is then automatically validated in the automated system of the recipient (Purchasing Office). It provides information for updating due-in assets, intransits accounting , MILSTRIP shipment status and major item control. It is used by the Item Managers, Project Managers and other Purchasing Office personnel. The purpose of the SPN is to provide an automated process and the timely notification of the shipment of material or the completion of a service performed by a contractor so that the information does not have to be rekeyed into the procurement system.

b. MOCAS will generate SPNs at the supply and service line item level (i.e. PJJ and PJR). A separate supply line item record and or service line item record is generated for each line item/MILSTRIP document number appearing on the DD Form 250. MOCAS utilizes the SPN format as prescribed in DoD 4000.25-5-m governing MILSCAP.



3.1 Contract Administration



3.1 ALERT PROCESSING

a. The Alert process provides various alerts, to contract management personnel in support of their contract management duties. Alerts are advance notices to Contract Management personnel that upcoming contract actions require special attention. These alerts are based upon terms or provisions recorded for a procurement instrument, various dates recorded for the procurement instrument, the type of procurement instrument and other information recorded for the procurement instrument.

b. There are three different reports prepared by the ACO Alert process. Each report contains different types of information. The different types are as follows:

c. The ACO Alert is issued on a daily basis for active contracts (those not yet physically complete). It may be generated when one of the following reports is due - a Patent Rights Report, Special Tooling Report, Financial Report, NASA New Technology Report, or Labor Standards Report. Additionally, an alert will be generated when the Fixed Price Incentive or Redeterminable Quarterly Statement is due or a Facilities Lease Rental Statement or Payment is due. For those procurement instruments that contain Funding Limitations, a one time ACO Alert is issued as a part of the ACO Alert Report. Reports are generated based on certain ACO Coded remarks being recorded in the Contract Abstract data.



d. The Closeout Alert applies to contracts which require ACO administration attention and which contain clauses which require normal ACO Alerts (those described above) except for those which simply require the Labor Standards Provision Report. This one time alert is generated for Firm Fixed Price Contracts, or Orders which indicate Production Administration is complete, or for all other contracts which are designated as physically complete. When an ACO Alert Report is due at the same time as an Closeout Alert, only the Closeout Alert is generated.

e. The 120- Day Closeout Alert applies to facilities contracts or lease agreements. This alert indicates that there are 120 days before the Final Delivery Date.

3.2 CONTRACT CLOSE-OUT FUNCTION

a. The MOCAS System is MILSCAP compatible and programmed to comply with all FAR/DFARS requirements. As such, it automatically tracks contract status and generates the various contract completion notices required by MILSCAP, such as the physically complete notice, the contract completion notice and unclosed contract status report. MOCAS automatically closes noncomplex contracts upon final payment without manual intervention.

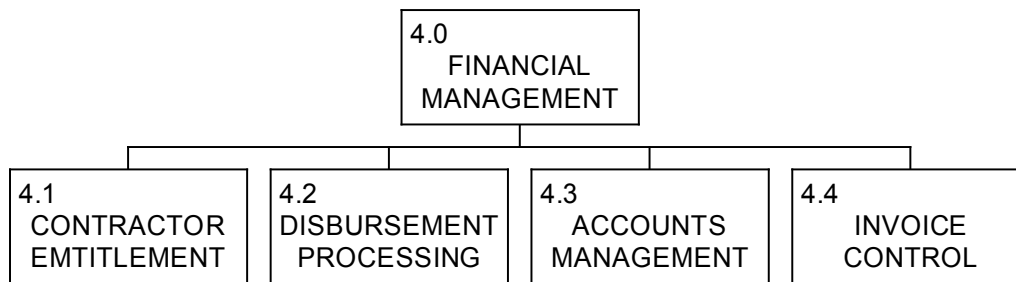
b. The function used to track contracts within MOCAS is the Contract Administration Report (CAR). The CAR is organized into parts and sections. There are three basic parts, which are; Part A for prime contracts that require extensive contract administration, support contracts where contract administration is one of the functions delegated, high dollar value contracts and contracts with special provisions; Part B for prime contracts which do not require extensive administration or manual close-out, unilateral purchase orders and firm fixed price contracts under \$100,000.00; Part C for support contracts where prime administration is assigned elsewhere and functions other than contract administration are delegated.

c. A contract will automatically move to the physically complete section when a final shipment is recorded and all line items have been shipped and accepted. Movement to this section will cause a physically complete notice to generate. This notice will be electronically routed to the Procurement Contracting Officer (PCO).



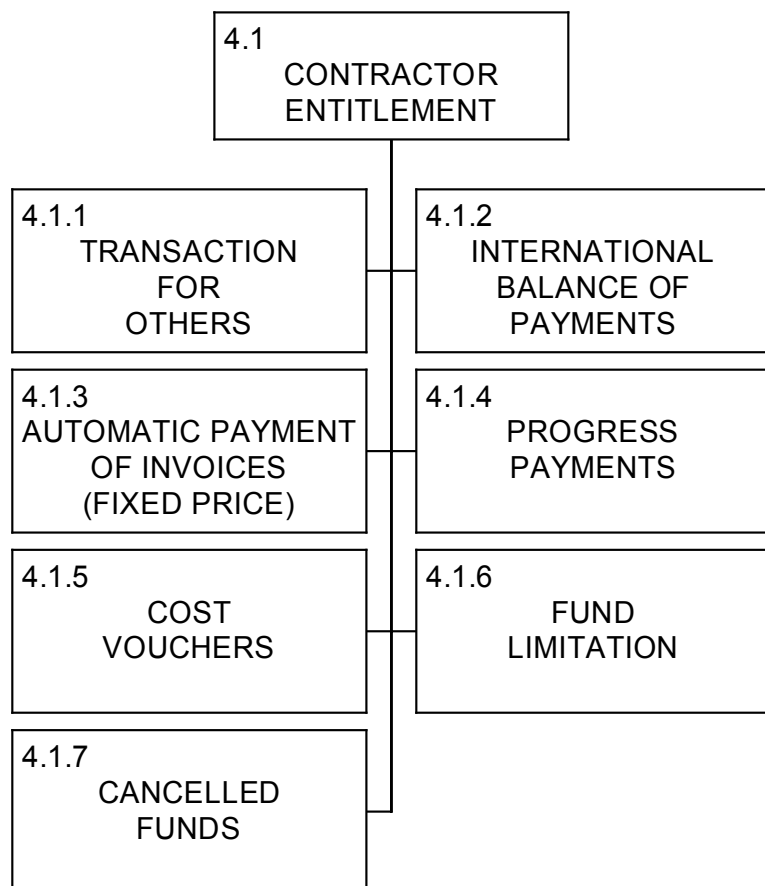
d. There are three different ways a contract is closed, a completion notice generated and electronically routed to the PCO in the MOCAS system. These are; 1) When a contract is physically complete in Part A, and final payment is made, a Notice of Last Action (NLA) will be automatically issued to the Administrative Contracting Officer (ACO). This does not apply to cost type contracts, time and material contracts or support contracts. The ACO will ensure that all administrative actions are complete and then sign and input the NLA; 2) Cost type contracts and time and material contracts will close when final payment is made; 3) A contract in CAR Part B, that is physically complete, and final payment is made.

4.0 FINANCIAL MANAGEMENT





4.0 Contract Entitlement



4.1.1 TRANSACTIONS FOR OTHERS

a. Transactions For Others (TFO) are payments and collections processed by the Defense Finance and Accounting Service (DFAS) which cite Army, Navy and Air Force appropriations. MOCAS identifies TFOs by Disbursing Station Symbol Number and accounting station. DFAS reports TFOs to the applicable accounting stations by either sending them reports directly, or in some cases indirectly through DFAS centers such as Indianapolis and Denver. TFO-Cross Disbursements are payments made for one service out of another service's funds. These, too, are reported to the cited accounting station.

b. The means of reporting these transactions is provided by a number of reports produced by the Mechanization of Contract Administration



Services System daily. The frequency with which these reports are sent to the fiscal stations varies by service. Navy receives a listing of TFOs and a copy of the voucher on a daily basis. A Statement of Accountability, which summarizes disbursements, collections and net disbursements, is also sent. Air Force receives their listing monthly along with a Statement of Accountability. Army gets the TFO listing and the accompanying vouchers daily, but the Statement of Accountability only monthly.

4.1.2 INTERNATIONAL BALANCE OF PAYMENT

a. MOCAS provides for the automatic transmission financial data which is generated from disbursement transactions made in a Foreign Currency (i.e Canadian) to various Military Services and External Agencies via autodirect. There are two types of transactions within the MOCAS Disbursement process that fall into the IBOP category: Miscellaneous Vouchers (CMVs) paid outside of MOCAS and Payments made in Canadian currency within the scope of MOCAS.

b. The CMV disbursement transactions are reported to DFAS-Denver as a Transactions For Other (TFO) and summarized monthly to DFAS-Denver as IBOP Transactions. Foreign Currency disbursement transactions other than CMVs are reported only monthly to DFAS-Denver as IBOPs.

c. Not only does the MOCAS system accumulate the Daily IBOP transaction for quarter processing, generate Quarterly IBOP reports, generate IBOP reports by Service, it also provides the generation tape file of all Navy IBOP transaction and a special list of those transaction to be sent to the Navy Accounting and Finance Center.

4.1.3 AUTOMATIC PAYMENT OF INVOICE (FIXED PRICE)

a. The Automatic Payment of Invoices (API) function is designed to systematically process a contractor's invoice by utilizing the same logic and criteria as a voucher examiner. All contractor billings are subjected to the API process. Payment is based upon the existence and compatibility of a Material Acceptance Accounts Payable Report (MAAPR), a contractor's invoice, contract terms and funds availability.



b. Using the contract and shipment numbers from the invoice the API system will search for a matching material acceptance, check for contract provisions which would preclude automatic payment and assure there is sufficient money remaining on the contract to make the payment. In determining contractor entitlement, the system will also consider any contractor indebtedness and government imposed funding limitations.

c. In addition to contractor payments the API function also has internal functions which are necessary to maintain data integrity. It maintains the accounts payable data from DD Form 250 (material acceptance) processing and the accrual records established for cost/fee holdbacks and contract termination costs, all of which are used in month- end Accrued Expenditure processing. It passes data to the Contract Payment Notices (CPN) system for reporting to funding activities and it produces the Advice of Payment card which is mailed along with each API generated check.

4.1.4 PROGRESS PAYMENT FUNCTION

a. MOCAS has a completely automated progress payment function which performs all validation required by the FAR. The system functions by receiving input from the ACO, the payment office, and the contractor. It eliminates the need for the contractor to submit backup with each progress payment request and for the ACO to manually review the backup. It eliminates the need for the ACO to review each progress payment for accuracy. ACOs control the frequency of their review by updating the PP Master with a rating based on the factors accessed by the ACO.

b. In order for a contractor to obtain a progress payment the contract must contain a progress payment clause and the ACO must first approve progress payments for that contract. The ACO approves progress payments by building the progress payment master file.

c. There are two ways in which the contractor's progress payment request is entered into the MOCAS system. It may be entered on-line by DFAS-CO or it may update via EDI. All 27 lines of the form may be entered into the system as well as the date the progress payment was received. Input of the progress payment request updates the master file. Input of the Progress Payment Request results in a Contract Administration Progress Payment report. If the entire request passes all validation a payable transaction is created and a check is automatically issued. Validation consists of arithmetic validations as well as validations for a loss contract, progress payment limitations and fair value of work as defined in the progress



payment clause. If the progress payment does not pass validation the voucher examiner has the option of correcting the progress payment (for input errors only), correcting the database or rejecting a copy of the progress payment to the ACO electronically in MOCAS. The ACO then can either override the reject or return the PP to the vendor for correction and resubmission.

d. MOCAS provides other reports for the ACO to use to effectively administer progress payments. The Contract Administration Progress Payment Review report alerts the ACO that it is time to perform a periodic review. If the ACO does not input a review completed date progress payments will be automatically suspended on that contract. The ACO may override the suspension by authorizing a specific amount to be paid.

e. When a progress payment is made a Payment Notification for Progress Payment report is generated to the ACO. The report shows the progress payment number, cumulative amount paid, and the amount still available for progress payments. Another report used by the ACO is the Progress Pay Inquiry which is available by request only and contains all information maintained on the progress payment master. There is also an on-line inquiry which displays the progress payment

master as well as a screen used by DFAS to update the progress payment master in the event of a manual payment.

4.1.5 COST VOUCHERS

a. MOCAS provides for the Automatic Payment of Invoices (API) submitted for the Public Voucher for Purchases and Services Other Than Personnel, against Cost Type contracts known as a Public or Bureau Voucher (BVN).

b. All Vouchers must have a valid signature/approval from the Defense Contract Audit Agency (DCAA) Auditor unless the Auditor has pre-approved the contractor for direct submission. In addition, final vouchers must contain approval from the Administrative Contracting Officer. In most cases, MOCAS processes these types of invoice in the same manner as any other invoice entered into MOCAS.



c. Once entered into the MOCAS system via the Invoice Processing subsystem or EDI, validation is performed on the data entered from the invoice to the data residing in MOCAS files. It continues to perform series of checks against the Contract file to verify the contract's funding, FMS or Multiservice, special payment instructions and the Contract unliquidated obligation (ULO).

d. Cost Vouchers are not subject to the Cash Management/Prompt Payment process within MOCAS, unless it is the final voucher submitted on the contract or the contract is for Services then they are subject to Prompt Payment.

4.1.6 FUND LIMITATION

a. The MOCAS system has the ability to limit or stop the expenditure of funds that have been allotted to a service, such as: Army, Navy, Air Force, or DLA. The MOCAS system can also narrow this limitation down to an individual commodity, for example: medical supplies, construction supplies, etc.

b. The fund limitation function provides the user with the capability to apply funding limitations individually or in tandem. If end of the fiscal year expenditure restrictions are requested by a DoD activity, the MOCAS user can limit/stop all contractual expenditures for a specific customer or all customers. The expenditure limit can also be applied by customer and contractual commodity.

c. The fund limitation function can support up to 100 different limitations at one time. If more than 100 limitations are enacted at the same time, the excess will appear on a special report "Fund Limitation Overflow Report". If the "Fund Limitation Overflow Report" is produced, any fund codes that appear on the report must be handled manually.

4.1.7 CANCELLED FUNDS

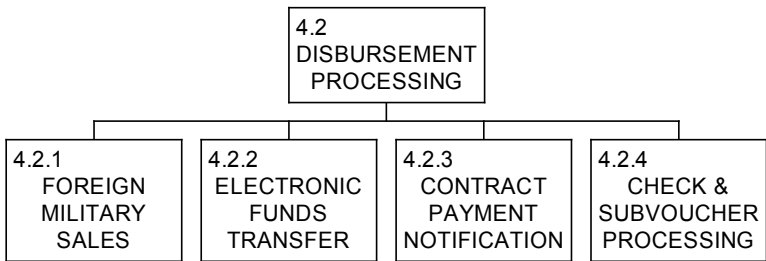
a. At the end of each fiscal year, certain appropriations are cancelled and can no longer be expended. MOCAS has 2 programs that use tables



updated by finance to determine the fund codes to be updated on the Contingent Liability Record (CLR).

b. When funds are cancelled, the CLRV is updated with a ALPHA cancelled funds Indicator, that represents the year the funds cancelled, on each ACRN that contains the appropriations. Once this indicator is on the ACRN record only adjustments can be processed, disbursements will be rejected. Reports are also generated during the year for the ACO and buying activity use which list those contracts at risk of losing funds due to canceling appropriations. The ACOs work these reports to ensure that all possible billings are submitted so that funds do not expire and have to be replaced with current year funds.

4.2 DISBURSEMENT PROCESSING



4.2.1 FOREIGN MILITARY SALES

a. The MOCAS Disbursement Process provides for the automatic validation of disbursement transactions citing Foreign Military Sales (FMS). Disbursement Transactions of this type are candidates for the Automatic Payment of Invoices (API) process within the MOCAS system. The system performs validation against the Contract Master file, checking for the Foreign Military Sales

Requirement Indicator or the Provisioning code, which indicates FMS. MOCAS also validates the Fund code entered on the disbursement transaction to the Contingent Liability Record checking for a fund code of:



4C for ARMY, 4F for AIR FORCE and MA and 4N for NAVY, which denotes FMS.

b. Disbursing Personnel must secure the authority to expend funds against an FMS contract. This authority is the Expenditure Authority Issue Document (EAID) received via the Program and Budget Accounting System (PBAS). MOCAS generates an Account Payable Record and the Disbursement Voucher for the FMS transaction. It will then be certified and forwarded along with the EAID to the disbursing office for actual payment. For manual payments EAID's number from USAFAC system must be obtained prior to releasing a check.

4.2.2 ELECTRONIC FUNDS TRANSFER

a. The Electronic Funds Transfer (EFT), an X-12 standard of MOCAS Contractor Payment function, allows contractors to request, through contractual agreement, payments be directly deposited to their bank accounts. In addition, an addendum record is also forwarded which provides supporting details for the payment. EFT may be used for all disbursements, both Automatic Processing of Invoices (API) and manual.

b. EFT occurs on a daily basis through a direct link to the Federal Reserve Bank. Payments are processed at the contract/invoice level. The American Bankers Association (ABA) number and Contractor account number are established for each contract and are handled as a remit-to address. The ABA number identifies the contractor's banking institution.

c. American Bankers Associations and account numbers for all EFT participants is maintained on-line. The disbursement activity has the on-line capability to add, change, and delete contracts and their associated American Bankers Association and account numbers. Inquiries for a specific contract are also available. Finally, the user may delete EFT disbursements before they have been transmitted.

d. The EFT function produces reports that provide appropriate audit trails, as well as a complete history of disbursements made through EFT. An EFT trace number is assigned for each disbursement in place of the usual check number. This number appears on all reports that require this data, including the U.S. Check Total Summary Report. Other safe guards



provided by EFT include pre-notification and reformation of the payment file. Pre-notification is used to ensure that the pathway to a contractor's account is clear before live transactions are processed. This is accomplished by transmitting a non-dollar record at least 10 calendar days before the first dollar entry is sent. Reformatting of the payment file after each cycle ensures that duplicate payments are not sent.

e. The benefits and savings associated from EFT are obvious and as more contractors utilize this service the disbursement operational cost will decrease.

4.2.3 CONTRACT PAYMENT NOTICE FUNCTION

a. Contract Payment Notice (CPN) is a standard procedure prescribed by MILSCAP for the preparation of detailed disbursement/collection data pertaining to funds cited on contracts, and its transmission to a designated accounting point.

b. The Contract Payment Notice (CPN) application is used to build, inquire, transmit, report and retain this required information produced by the MOCAS system and provide it to the appropriate military service in accordance with MILSCAP standards. The CPN application consists of four Data Base files integrated into the MOCAS Contract Data Base. During the daily cycle notices are automatically created from disbursement and MAAPR transactions and loaded in MILSCAP format into these files. Any invalid sets are flagged for correction and through on-line programs may be validated. CPN's are not immediately transmitted but are retained until correct, routable, and released by an authorized user. The system provides an on-line inquiry of CPN's with an un-transmittable status providing easy access to the correction facility. Through on-line programs the user may add, correct or delete complete CPN sets or individual PV1-PV5 cards.

c. Reports are produced so that the disbursement totals may be balanced and any error conditions corrected using the on-line programs. Any CPN's appearing on the out of balance or unroutable reports must be corrected before transmission. CPN's may not be transmitted until the sets are balanced and routable. At the time of transmission reports are produced showing corrected CPN's and the total transmitted.



d. A history of transmitted CPN's is held in the Data Base for ninety days and may be viewed using an on-line inquiry.

e. The MOCAS CPN application provides added integrity and balance to the required payment information transmitted to the designated fiscal accounting stations.

4.2.4 CHECK & SUBVOUCHER PROCESSING

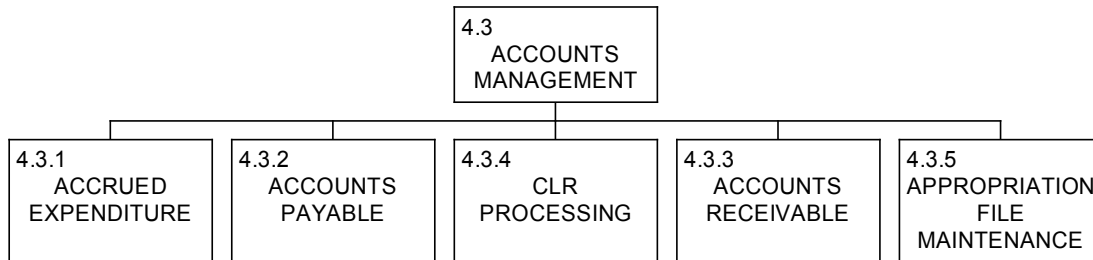
a. Subvoucher and check processing is part of the overall disbursement function of the MOCAS system. MOCAS generates the Check and the Advice of Payment files, forwarded to SRD1, which produces the Treasury Check sent to the contractor. It also provides the hard copy subvoucher which is retained in the contract file as proof of payment. These processes are done for both Automatic Payment of Invoices (API) and manual disbursements.

b. Subvoucher and check processing also generates various reports for balancing and reconciliation purposes. These include the U.S. Check Total Summary, which provides a daily listing of all checks generated by MOCAS; the U.S. Daily Check Record, which provides proof of all U.S. Treasury Checks disbursed; and the Check Report, which enables the disbursement activity to match the payee name and net dollar amount displayed on the Advice of Payment, to the same information displayed on the Treasury Check.

c. The processing of checks and subvouchers occurs on a daily basis. The appropriate voucher and check numbers are input and stored at the beginning of each cycle for later assignment. The system scans all daily disbursements to identify vouchers ready for payment. Once identified, the system will read the Financial Transaction file for each disbursement, to determine the service, type of payment or deduction, and the level at which the disbursement is to be paid, i.e., contract level or call level. The voucher is then assigned the appropriate number. Both voucher and check number are assigned sequentially by service; i.e., Army/DLA, Navy, Air Force as well as by the appropriate payment level. The vouchers are then matched, by contract number, to the name and address of the contractor for payment. This information is used to produce the hard copy subvoucher and supportive check listings. The summary data is used as the data source for generating the Check and the Advice of Payment files.



4.3 ACCOUNTS MANAGEMENT





4.3.1 ACCRUED EXPENDITURE

- a. The purpose of the MOCAS Accrued Expenditure Function is to report to the military services, on a monthly basis, the government's liability to contractors. It is reported at appropriation level and is comprised of outstanding accounts payable (acceptance data), invoices on hand unmatched to a payable, a percentage of the outstanding balance of unrecouped progress payments, withholdings on cost vouchers or invoices, estimated termination costs and some accounts receivable.
- b. Source of the report is an internal work file created in month-end processing from a number of MOCAS database files including the Accounts Payable Recycle Transaction File, the Invoice Master File and the Appropriation Master File. Also, the contract file is scanned for contracts which closed in the past month so associated accounts payable can be purged. Some manual adjustments may be done to the report before it is sent to the services, no later than the 10th workday of the following month.
- c. Adjustments can also be made to the accounts payable file during the month for under-billings, withholdings and termination costs. An under-billing occurs when the contractor's invoice contains a unit price less than that stated in the contract, or when the invoice does not include all the items appearing on the MOCAS generated Material Acceptance Accounts Payable Report. In either case the voucher examiner will increase the accounts payable file by the amount of the under-billing. Also, upon receipt of a letter from the Terminations Contracting Officer specifying estimated termination costs, an adjustment will be input to the accounts payable file for the settlement cost. When a withholding of funds is required either to establish or to increase a reserve for patent clearance, in accordance with the patent withholding clause of the contract, an increase will be made to the accounts payable file.



4.3.2 ACCOUNTS PAYABLE

a. The MOCAS contractor entitlement function requires that an accounts payable record be established for an invoice to be paid. The accounts payable record is created at different times depending on whether the contract requires product to be shipped and accepted before the contractor receives payment. Two types of invoices require product to be shipped and accepted before payment is made. The other types of invoices don't require shipment of product prior to payment. Commercial invoices and DD250s used as an invoice should be used when the contract requires product to be shipped prior to receiving payment. Bureau vouchers are used on time and material contracts and cost type contracts where payment is authorized on a monthly basis and product is not required to be shipped prior to payment. Progress payment requests are used when the contract authorizes payment to the contractor as work progresses. To receive a progress payment the contractor must have incurred costs in the performance of the contract but he does not necessarily have to have shipped product. Other invoice types that don't require acceptance are Performance Based Payments (PBP) and Commercial Item Finance (CFI) which contractually are financing and must be approved by the ACO. In addition, there are termination, transportation, and supplemental billing invoices.

b. For commercial invoices and DD250s used as an invoice, the accounts payable record is created after product is shipped and accepted. In the MOCAS system most product is shipped on the Material Inspection and Receiving Report (DD Form 250). The DD250 Form is input into the system either at the CAO terminal, located at the individual DCMAOs or it may be entered from a magnetic tape that the contractor prepares. If the contract required source inspection and acceptance of product, the accounts payable record is created upon input of the DD250 showing the material was accepted. If the contract required destination acceptance of the product, the accounts payable record is created when the acceptance is received from the consignee. For bureau vouchers and progress payment requests the accounts payable record is created when a proper invoice is received and entered into the system.

c. Once the accounts payable has been created it will appear on the Overage Payable Report. This report is worked by DFAS to obtain invoices from the contractor and preclude the contract going overage. Once the invoice is received, the system matches it to the accounts payable record and produces a Material Acceptance and Accounts Payable Report (MAAPR). An automatic MAAPR is produced if the payment is automatically



generated. A manual MAAPR will contain various messages alerting the voucher examiner to potential problems or items that must be verified before the invoice can be paid.

4.3.3 ACCOUNTS RECEIVABLE

Except for the establishment of the Debt and the setting of the collection indicators the other system functions are not being used.

a. The purpose of the Accounts Receivable Function is to establish a mechanized accounting system, governing the processing of debt claims of the United States Government against a business entity or individual. This mechanized accounting system includes automated procedures for creating: contractor's debt records, collection records, inquiry options, and hard copy reports.

b. The creation of a debt against a contractor is initiated by a letter or notification from an authorized Government source.

c. When a debt collection is requested by anyone except the IRS, it is automatically created with a PIIN level collection indicator. If the indebted contractor has any invoices in-house for payment under that same PIIN, the MOCAS system will stop payment. It will cause the contractors invoices to be manually reviewed and the message "contractor indebtedness" will be displayed. When the IRS requests a debt be established for a contractor the system will automatically invoke a Contractor and Government Entity (CAGE) level indebtedness, and all requests for payment from that contractor will be stopped. With all invoice payments stopped, regardless of the PIIN, the message "contractor indebtedness" will be displayed for each invoice not paid.

d. The function also allows changes to the Indebtedness level indicator, PIIN, CAGE, and Contractor Name.

e. When a contractor sends a check to DFAS for payment of a debt the system requires that a collection record be established for the check amount. After the collection record is entered into the accounts receivable



function, the payment will automatically be subtracted from the debt amount. The system then checks the debt amount balance and if the debt amount balance is zero, the debt is closed automatically, otherwise it will calculate a net debt amount.

f. The debts may also be closed manually, by cancelling, writing off, or transferring to headquarters.

g. The Accounts Receivable function has an extensive inquiry system. The user can inquire on an individual debt or a individual collection. There is also a multi-purpose inquiry screen that the user can ask for all debts by division, CAGE, or PIIN.

h. Reports are generated automatically, or they can be generated on request. The reports arrange accounts receivable data in various formats.

4.3.4 CONTINGENT LIABILITY RECORD

a. The Contingent Liability Record (CLR) maintains the status of funds on all contracts in the MOCAS system. It is the MOCAS means of funds control. Whenever a contract is entered into MOCAS a CLR record is created for each line of accounting data. The contract number, ACRN, fund code, obligation and unliquidated obligation (ULO) are shown for each line. Before a disbursement can be made the CLR is checked to assure sufficient ULO exists on the contract. If not, the disbursement is rejected. As part of the daily MOCAS cycle a complete printout of the CLR is also validated for funds that are canceled and outstanding WIP.

b. As part of the daily MOCAS cycle a printout of the changes along with a daily CLR summary is generated. Weekly cycles generate a complete printout of the CLR. This hard copy CLR is especially useful in replying to inquiries received from funding stations. There is also an on-line inquiry of obligations at the contract or contract/ACRN level.

c. MILSCAP and EDI transactions will establish CLR records for a new contract if the abstract passes input validation. MILSCAP modifications will also adjust the CLR. Either of these will update the CLR in the cycle in



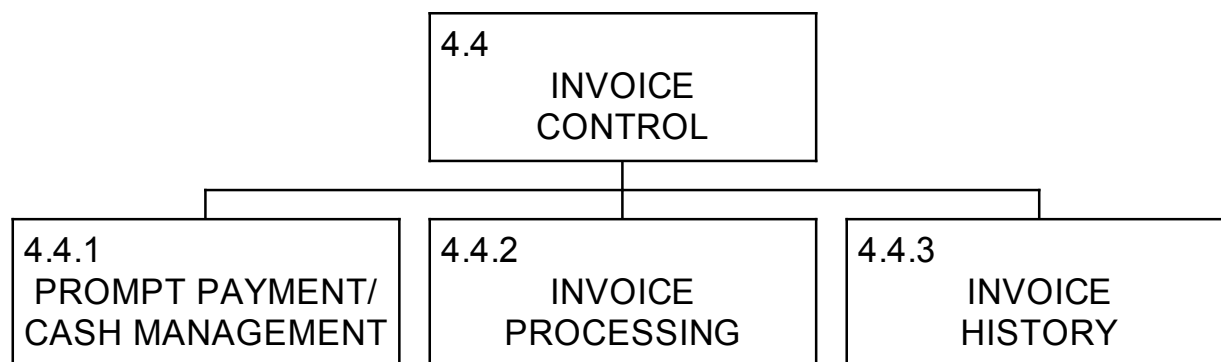
which it is received. On-line input by DFAS personnel will update it in that day's cycle.

4.3.5 APPROPRIATION FILE MAINTENANCE

a. The Appropriations File Maintenance function provides the user with the means of recording valid appropriation information, changing existing appropriation information or cancelling appropriations. The transactions required to perform this maintenance are entered on-line. However, the actual completed processing of the maintenance action occurs during the batch cycle. Reports depicting valid appropriations and accepted or rejected maintenance actions are prepared by the Appropriation File Maintenance function.

b. The primary purpose of the Appropriations Master File is to insure that the appropriations recorded for contracts during Abstract Processing are valid and current. In addition, the Fund Classification Code associated with the long line accounting classification is recorded with the contract accounting data based upon the data recorded in the Appropriations Master File. Finally, the data from this file is used in the preparation of sub-vouchers and the Accrued Expenditure Report.

4.4 INVOICE CONTROL





4.4.1 PROMPT PAY/CASH MANAGEMENT

a. The Prompt Pay/Cash Management function is based on Public Law that requires Federal Agencies to pay contractors interest on invoices that have not been paid within 30 days. The Prompt Pay/Cash Management calculates a payment due date for each invoice based on invoice receipt date, materiel acceptance date, discounts offered, and contract provisions.

b. Invoices offering a favorable discount are assigned a payment due date within the discount period. If the discount is not favorable or not offered, the payment due date is established 30 days after receipt of the Invoice or the materiel acceptance, whichever is sooner. If the payment due date has past, the process will also compute the interest due the contractor.

c. The plus 30 days factor used to compute the payment due date is the Cash Management Policy for funds control. The suspended payments are released 7 days before payment due date, to compensate for mailing time.

4.4.2 INVOICE PROCESSING

a. An invoice can be submitted electronically or mailed to the payment office in hard copy. Once received, the invoice is entered into the Mechanization of Contract Administrative Services (MOCAS) system. The system will determine if the invoice is payable by checking the invoice data against the acceptance data and contract data to ensure that invoices contain the required information in relation to the contract data specified on the invoice. Upon initial input, validation against contract number and shipment number is performed to determine if a potential duplicate invoice exists. All invoices are input and retained for an audit trail.

b. All invoices entered into MOCAS are initially processed through the Automatic Payment of Invoices (API) function to determine their eligibility for payment. Using the contract and shipment numbers, API checks for a matching accounts payable, checks the contract file for provisions which would not allow for automatic payment. It also assures there is enough money on the Contingency



Liability Register (CLR) to cover the disbursement. If an automatic payment can be made, API will produce an automatic Material Acceptance and Accounts Payable Report (MAAPR) and either create the disbursement or suspend the payment for Prevalidation and Cash Management if they apply. If an automatic payment cannot be made, API will produce a manual MAAPR with in-the-clear messages for review by the Voucher Examiner. If an Accounts Payable Record cannot be established the invoice is coded accordingly and held in suspense until the shipment has been processed.

c. Invoices that do not meet API criteria will be subject to manual payment procedures dependent on individual contract requirements. Reports are provided on a daily basis of the current status of all unpaid invoices on hand in order that timely action can be taken to obtain missing documentation, required approvals, or to achieve prompt payment of payable invoices to preclude any interest penalty. If a determination is made that there is an Accounts Payable, but that there is a problem with the funds or other contract condition preventing the invoice from paying automatically, a manual MAAPR is generated which will also include the reasons it was not able to pay automatically.

4.4.3 INVOICE HISTORY

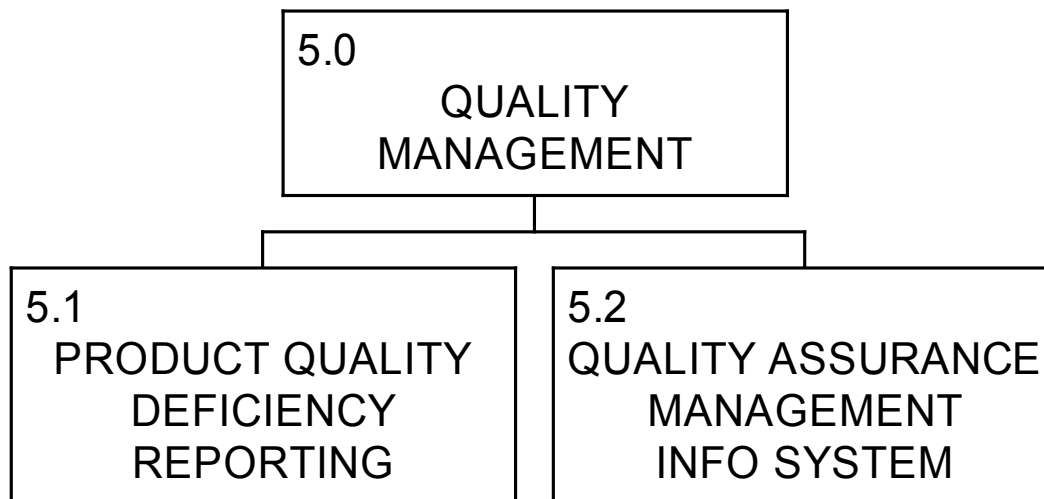
a. Mechanization of Contract Administration Services (MOCAS) system tracks invoices from initial input of the invoice until the close-out of the contract. Each invoice is assigned an Automated Data Processing Number (ADPE), which will identify and control the invoice in the system for the life of the invoice.

b. The Invoice History File is updated on a daily basis and provides the user with current up to date information. If disbursements are made, the check information is matched with the invoice from the Invoice History File for both manual and automated payments. Validation against existing invoice data for duplicate pay is performed automatically. The invoice stays on the Invoice History File for the life of the contract. The Invoice History function maintains an audit trail of all invoices input into MOCAS. Invoice History data is also downloaded to the Vendor Payment Invoice System (VPIS) for utilization by the respective contractors.



c. The on-line Invoice Inquiry Display provides the user with the following data for viewing: Contract Number, Shipment Number, Invoice Number, Check Amount, Check Number, Discount Terms and the Status Code of the Invoice. If the invoice is not in a payable status, the status code indicates why the invoice has not been paid or why it was returned to the contractor. This on-line access allows the Defense Finance and Accounting Center to assist the contractor in a timely and efficient manner.

5.0 QUALITY MANAGEMENT



5.1 PRODUCT QUALITY DEFICIENCY REPORTING (Current as is. Scheduled to be replaced in June 2003)

a. The Product Quality Deficiency Reporting (PQDR) Application is used to track the status and disposition of Materiel Deficiency Reports.

b. The PQDR function links a deficiency report record with key files containing the Document Control Number, Originator's Document Control Number, Contract Organization, Quality Assurance Organization,



Contractor, Purchasing Office, National Stock Number, Contract, Received Date, Completion Date, Suspense Date, Days to Close, Defect Code, Action Code, Commodity Code and Delete Code. This provides a versatile framework for providing reports in various formats.

c. All input is entered on-line. Validation and update take place in real time. Quality assurance personnel are restricted to access only those PQDRs belonging to their quality assurance organization. The application provides for on-line inquiry. Reports are also requested on-line and printed during the overnight batch cycle. Scheduled monthly reports provide statistical data. A number of requestable reports list the 20 worst offenders in specific categories. A weekly process creates a file containing all changes made to the data that week. The data from the 2 districts is consolidated into an inquiry data base accessible to the military services.

5.2 QUALITY ASSURANCE MANAGEMENT INFORMATION SYSTEM

a. The Quality Assurance Management Information System (QAMIS) Application is used to track DCMA quality assurance workload. DCMA personnel perform quality assurance on contracts assigned to DCMA for source inspection and/or acceptance. The QAMIS is used to store attributes and track the status of each contract performed at a contractor facility, attributes and totals relating to all contracts performed in each contractor facility and tracks how the quality assurance personnel spend their time.

b. The QAMIS is a data base application whose three (3) major files store contract data, facility data and performance data. The facility file links all contracts awarded to a contractor. Current as well as 12 prior months of performance data is stored for each Contractor. All information is linked to the Quality Assurance Representative (QAR) and to his Quality Assurance Section, Branch, Division and District. This insures that data can be aggregated at any level desired.

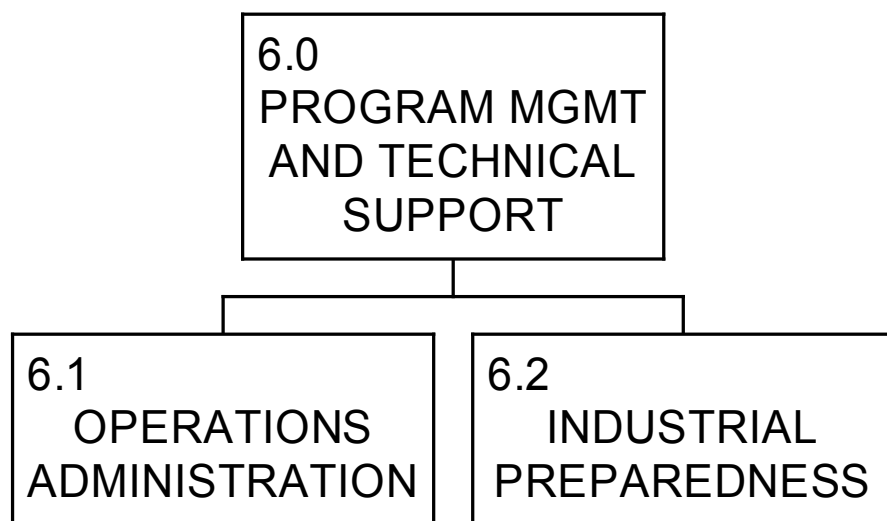
c. The data is validated and system updated in real time. The application provides a number of on-line inquiries that present contract, facility, current and prior months' performance data, Contractor Address File data as well as extracts by CAGE or QAR. A versatile on-line capability for requesting overnight reports is also included. Overnight reports are



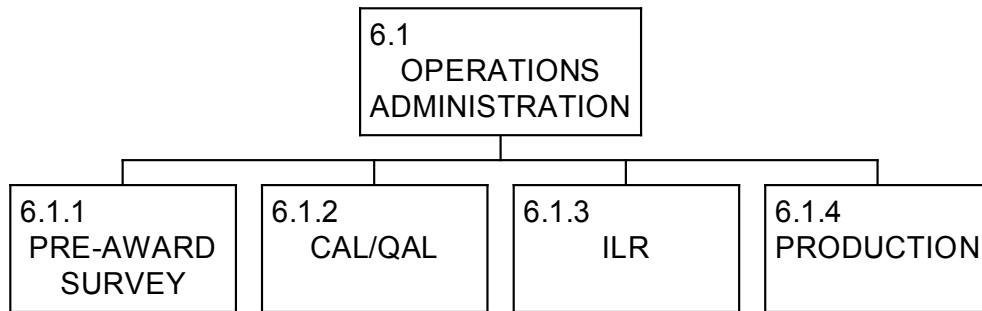
transmitted to requesting facilities (DCMD, DCMAO or DPRO) that have high-speed printers and distributed from there. Contract Abstracts can be printed on-line. New QA contracts as well as contract modifications are received during the overnight batch cycle from the MOCAS Contract Data Base. The MOCAS Contract Data Base also furnishes changes in QA Attribute data and CAGE Replacement Transactions.

d. The QAMIS provides monthly aggregate data for downloading to lower tier processors, monthly extracts for downloading to a mid tier processor and for statistical analysis as well as data for Management Information Reporting.

6.0 PROGRAM MANAGEMENT & TECHNICAL SUPPORT



6.1 OPERATIONS ADMINISTRATION



**6.1.1 PRE-AWARD SURVEY (no longer being used)**

a. Pre-Award Surveys both Formal and Informal are performed on Contractors name appear on CAUQAL. The Contract Management Division at each CAO assignees Pre-Award Survey Monitors, who manage the program and are responsible for the planning and execution of the PAS program. The CAO Contract Management Division provides a PAS team leader who will be designated as soon as possible after receipt of each PAS request. Every effort will be made to accomplish the PAS in the time specified. When the PAS report is mailed, a telephone report or electrically transmitted message summarizing the findings will be provided to the PCO.

b. The purpose of the Pre-Award Survey function is to maintain all data pertaining to each Pre-Award Survey. The retained data consists of the request date, results of Survey and returned date. Pre-Award Survey data is available to functional personnel in the field, PCOs and management via various on line inquiries. Results of a Pre-Award Survey are monitored and any deficiency results may affect the Award recommendation and will record the contractor on the Contractor Alert List/Quality Alert List (CAL/QAL).

6.1.2 CONTRACTOR ALERT LIST/QUALITY ALERT LIST (no longer being used)

a. The Contractor Alert List/Quality Alert List (CAL/QAL) maintains a record of contractors who are prohibited from entering into government contracts due to performance deficiencies. Access to the records is provided via on-line inquiries or reports.

b. The CAL/QAL function primarily supports Production and Quality Assurance personnel, but is available to buying activities with authorized inquiry capability. In addition, a DCMA consolidated listing is furnished the buying activities on a monthly basis.

c. Contractors can be placed on the CAL/QAL when they are entered into the Contractor Improvement Program (CIP), have shown poor performance in meeting contract delivery schedules, have failed quality assurance tests or have received negative ratings on a Pre-Award Survey (PAS).



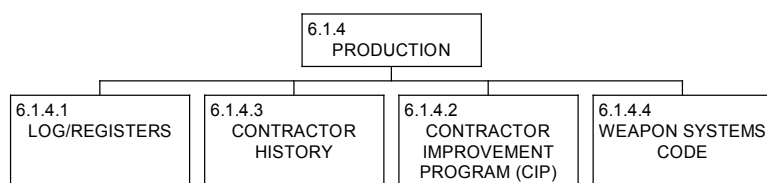
Production and Quality Assurance personnel use the CAL/QAL to monitor the government contracts that the contractor has in-house and to track the improvements the contractor is making. At some point-in-time the contractor will be removed from the file.

6.1.3 INDUSTRIAL LABOR RELATIONS (no longer being used)

a. The Industrial Labor Relation (ILR) function provides production personnel with the means to identify and maintain information regarding DoD contractors with labor agreements. Additional information is recorded regarding the union(s) involved and the date the agreements expire or will be reopened. On-line inquiry and hard copy reports provide ILR office personnel with labor agreement information recorded for requested contractors. An alert indicating labor agreements due to expire or be reopened within 90 days is also provided.

b. By tracking the contractors with union agreements due to expire, production personnel may request the Industrial Labor Relations Delayed Inquiry which reports the data related to contract deliveries (both schedules and shipments) recorded for specified contractors (up to 3 contractors on one Delayed Inquiry request). This information will support planning for minimization of the impact of a reported or actual labor stoppage. The Delayed Inquiry request is an on-line, real-time request. However, the report is created during the next batch cycle.

6.1.4 PRODUCTION



6.1.4.1 LOGS AND REGISTERS (no longer being used)



a. This function maintains the logs for: Technical Analysis of Cost Proposal (TACP) Case Register, Industrial Preparedness Planning (IPP), and General Log.

b. The Technical Analysis of Cost Proposal (TACP) is an Online Data Input function designed to maintain a register of all TACP Cases that have been received by production personnel. A specific record indicates all related data from the time of receipt through evaluation, finding and recommendations. Data of Technical Analysis of Cost Proposal (TACP) may be viewed on-line, for a specific Contractor, Industrial Specialist, Contract Administrative Office, Target Completion Date or TACP Case Number. A hard copy report may be obtained, on request. The report lists all TACP Case Numbers and all the applicable data maintained on the data base.

c. The Industrial Preparedness Planning (IPP) is an Online Data Input function designed to maintain a register of all Contractor IPP schedules. A specific record of an IPP indicates all related information about schedules from the time of receipt through completion. IPP schedule data may be viewed on-line, for a specific Contract Administrative Office (CAO), National Stock Number (NSN) or Reference Number. A hard copy report may be obtained on request. The report lists all IPP schedules and their applicable data.

d. The General Log Entry is an on-line Data Input function designed to maintain a register of a variety of requests received by production personnel. A specific record indicates all related data about the entry from the time of receipt through the closure. General Log Entry data may be viewed on-line, for a specific Control Number or a Contract Administrative Office. A hard copy report may be obtained on request. The report lists all log entries by Control Number and their applicable data.

6.1.4.2 CONTRACTOR IMPROVEMENT PROGRAM (no longer being used)

a. The Contractor Improvement Program (CIP) function is to prevent any contractor who has been entered in the CIP from receiving a contract Award. The program is designed for contractors which have a high volume of active delinquent contracts (10 or more) and a delinquency rate above 15% or who continually fail to complete at least 85% of their contracts in accordance with original contract delivery schedules. Contractors may be placed in the CIP by the following functional elements: ACO,



PRODUCTION, QUALITY, FINANCE, PROPERTY, TRANSPORTATION/PACKAGING, or ENGINEERING, for one or more of the following Factors: Technical, Production, Quality, Finance, Accounting, Property, Transportation, Packaging, Security, Plant Safety, Environmental/Energy or Flight Operation/Safety.

b. The record includes the date the contractor was placed in the CIP, the date the contractor was removed from the CIP as well as the reason(s) the contractor was placed on the CIP.

c. Entry of a contractor in the CIP function will automatically result in placement on the Contractor/Quality Alert List. The CIP data records for a specific Contractor or for all contractors within a specific Contract Administrative Office (CAO), may be secured through the on line inquiry menu or overnight request.

6.1.4.3 CONTRACTOR PERFORMANCE HISTORY

a. The Contractor Performance History function maintains records on contractor's performance on Government contracts for the past 12 months. The performance history of a contractor may be utilized in the conduct and the support of Pre-Award Surveys, industrial mobilization planning, contract re-determination and renegotiating, contractor trend, and in other situations where knowledge of a contractor's performance record is value. Contractors delivery performance is based on the contract final delivery schedule and the final shipment.

b. The performance history of a specific Contractor may be obtained through the on line inquiry menu or overnight request which may indicate whether the contractor is delinquent in Delivery of Line Items, contract is cancelled, terminated, transferred out or whether the contract is completed. Data displayed on inquires and reports consist of data entered through production and data extracted from MOCAS shipment files.

6.1.4.4 WEAPON SYSTEMS

a. In support of Program Managers of major weapon system procurements, the MOCAS system tracks contracts by Weapon System codes and



Acquisition Category codes (ACC). The weapon system codes are applied by contract and the ACC (identifies the level of support required) are assigned to a specific weapon system. Although maintained at contract number level, the weapon system code and AC are primarily used to support the Production and Quality Assurance functions.

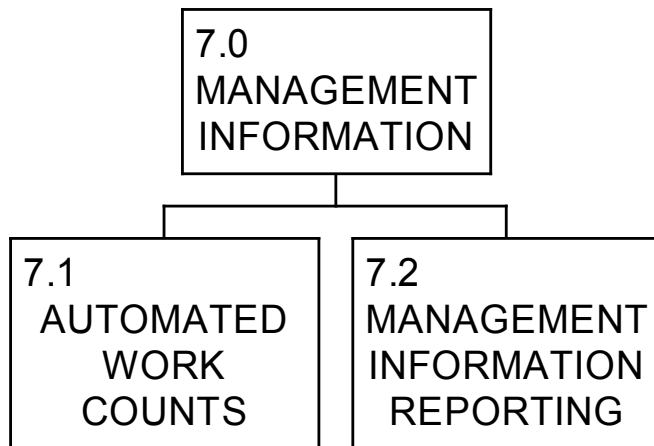
b. MOCAS provides various inquiries and reports designed to support the functional users and workload management. On-line and delayed inquiries will provide listings of weapon system contracts by contractor, Contract Administration Office (CAO), Industrial Specialist, or delinquencies. Upon request, weapon system Program Managers can obtain status, via the Production Function, for their weapon system contracts administered in MOCAS. This status ranges from the current delivery schedule to the production status. In addition, a delayed inquiry report provides the CAOs a summary listing of the financial status of all contracts for a specific weapon system.

6.2 INDUSTRIAL PREPAREDNESS (no longer being used)

a. Industrial Preparedness Planning (IPP) is accomplished to satisfy mobilization and surge requirements. During mobilization or surge, industry must switch from peacetime activity levels to accelerated production levels. The IPP function supports this activity by providing production personnel with the means to identify and track contractors for which an Industrial Preparedness Planning Schedule (IPP Schedule) has been conducted.

b. Information is recorded related to the IPP Schedule such as the date the plan was conducted, date the plan expires, if the contractor is a prime contractor or subcontractor, industrial preparedness measures use (yes or no), and plant loading percentage factor. An on-line, real-time inquiry reporting all IPP Schedules recorded is available.

7.0 MANAGEMENT INFORMATION





7.1 AUTOMATED WORK COUNTS (This process is no longer being used)

a. Mechanization of Contract Administrative Services (MOCAS) system accumulates and provides an automated statistical report for management tracking purposes. This supports both integrity of our resource system and Special Purpose Data (SPD) covering Contract Payment functions, modifications, and corrections that pass the on-line summary edit validation and update the Data Host Base. Tables are established to relate to each Reading Group Specialist Code (RGS). Automated Work Counts extracts the work counts by RGS code and matches them to a Division.

b. The work counts provided are as follows:

1. Contract Input Processing, Modification and Correction Processing.
2. Invoice/Progress Payment Input and Control.
3. Manual and Automated Payment of Invoices.
4. Destination and Source Delivery Document Processing.
5. Contract Closeout Processing. Contract Administration Report (CAR) Processing.
6. Prompt/Pay Discount Listings Processing.
7. Accounts Payable and Reports Contingent Liability Report Processing.
8. Cash Management Processing.
9. Disbursement and Collection Processing.
10. Master Address File Processing.

c. The above statistics are accumulated from the Invoice Master File and Operators Statistical File. The output report provided is Automated Work counts Transaction List.



7.2 MANAGEMENT INFORMATION REPORTING (This was a DLA system that DFAS and DCMA no longer use.)

a. Management Information Reporting (MIR) provides reports to various levels of management within the Defense Contract Management District (DCMD) and to the Defense Logistics Agency (DLA) Headquarters. Much of the data reported in the MIR is calculated automatically during the Mechanization of Contract Administration System (MOCAS) processing for the Government Bills of Lading, Quality Assurance, Operations Management, Contract Maintenance, Material Control, and Contract Management. Examples of major categories for which data is collected and reported on the MIR are:

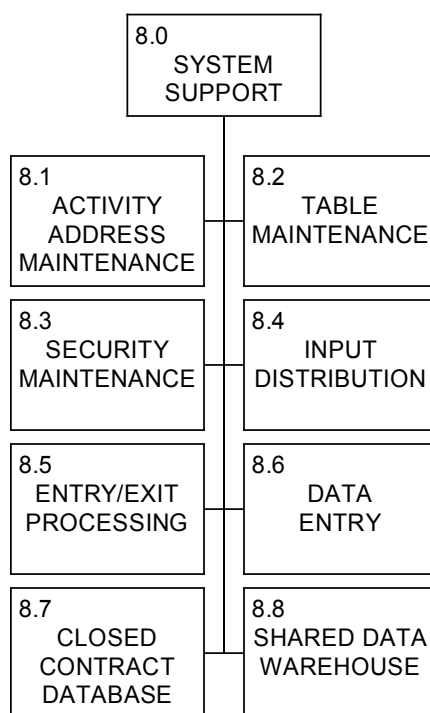
- Contract Administration,
- Termination Settlement,
- Financial Services,
- Contract Property Management,
- Production,
- Transportation and Packaging,
- Systems and Engineering,
- Quality Assurance,
- Systems and Financial Management
- Small and Disadvantaged Business Utilization.

b. There are numerous programs involved in the MIR process. The reports generated reflect workload distribution, productivity and quality of production statistics that can be used to monitor progress of activities both locally (at a District) and command wide through consolidated information at the Headquarters. Information is transmitted to DLA Headquarter via a standard data transmission process. Additionally, the MIR process records certain Quality Assurance (QA) summary data in the QA History Files. Management Information Reports are prepared on a monthly, quarterly and semiannual basis.



c. Data which is not mechanically generated is entered by MIR coordinators through the MOCAS Data Entry Menu process and is subject to further overnight validation by the MIR function itself. The MIR coordinators are also responsible for analyzing their input data, updating the MIR Master and correcting any problems associated with their manual counts and the MIR Master, which contains the headings used for report processing.

8.0 SYSTEM SUPPORT





8.1 ACTIVITY ADDRESS MAINTENANCE FUNCTION

a. The Activity Address Maintenance function maintains the MOCAS System Master Address Files. These files provide contractor facility and DoDAAD address data for all MOCAS functions. The CAGE code and its physical location is the core and basis for all assignment of CAS functions. The CAGE code where the contract is awarded to determines the proper CMO to administer the contract in accordance with FAR/DFARS 42 and the DoD CAS Component Directory. MOCAS is programmed such that a CAGE is assigned to one, and only one, CMO OG based on this logic.

b. The main address file (ADRS), is a data base file integrated into the MOCAS Contract Data Base. It is linked directly to contracts via Contractor and Government Entity (CAGE), Administered By a Contracting Administration Office (CAO) DoDAAC and Buying Activity DoDAAC. This address file contains contractor facility (CAGE) address and attribute information transmitted daily from DLIS via AUTODIN and applied during the overnight batch cycle. These basic address and contractor attributes are augmented with information such as Administrative Contracting Officer (ACO), Industrial Specialist, Contract Management Assistant, Property Administration personnel codes and quality assurance attributes, input on-line by Defense Contract Management Agency (DCMA) and Defense Finance and Accounting Service (DFAS) personnel. On-line CAGE input, except for changes involving all contracts belonging to a facility (mass changes), is validated and processed, real time, into the Contract Data Base. Mass changes are validated, real time, and processed overnight. Transaction records to update subsidiary MOCAS Data Bases are created in real time as well as batch and applied during overnight batch processing.

c. The ADRS also receives DoDAAD data via AUTODIN and File Transfer Protocol (FTP) from the Defense Automated Address System (DAAS). DAAS transmits DoDAAC addresses and attributes as well as ADP and narrative message Communication Routing Codes (COMMRI) and Plain Language Addresses (PLA) for narrative message AUTODIN traffic. The narrative message codes and PLA are received via FTP. This information is applied during the overnight batch cycle. On-line DoDAAC input to augment the DAAS data or to add additional codes is validated and processed in real time into the Contract database. Transaction records to update subsidiary MOCAS Data Bases are created in real time as well as batch and applied during overnight batch processing.



d. This function contains an on-line CAGE and DoDAAC inquiry process that are accessible to several MOCAS users. Several transaction driven reports are generated to show the effect of the transactions on the address and contract files. Scheduled reports provide a month-to-date record of codes added that month. A report can also be requested listing all CAGEs by Contractor Name. There has been a new database (ADRR) added to this process to record contractor remit-to address from the Central Contractor Register (CCR) transmitted to MOCAS through DLIS.

f. Although the primary source for updates of CAGE and DODAACS is an internal source, DLIS and DAAS, DFAS has the ability to update these records also. The updates are process on-line but to not process until the batch cycle.

8.2 TABLE MAINTENANCE

a. Table Management is the function which supports the maintenance of various types of tables used by business functions to validate data, provide users with information (e.g., error messages), generate internal codes (e.g., Fund Classification Codes) and identify the relationships between various types of activities. Data within some of these tables may be standard for all districts or may be unique to each district. The function allows users to add, change and delete information within these various types of tables. Three primary types of tables are:

b. On-line Validation Tables are the tables developed for the various on-line applications. These tables contain a variety of data. Some tables contain codes used for validation. Others provide error messages for most of the on-line applications. Still others provide policy in the form of formulas used in certain applications. These tables are maintained by the Table Maintenance function.

c. The Message Table provides the messages used in the overnight validation processes. These messages appear on hard copy reports as opposed to on-line screens. Messages may be of an error or informational nature. This table is maintained by the Maintain Messages function.



d. The Contract Data Input Sequential (CDIS) tables provide many of the cross-reference tables used in the routing of Military Standard Contract Administration Procedures (MILSCAP) transactions. These tables include the cross referencing of six position Buying Activity Codes and two position Buying Activity Code(s); the cross referencing of activities and their Automated Data Processing (ADP) points for abstract information and shipment performance notice recipients for shipment performance information. These tables are maintained by the Maintain CDIS Data function.

8.3 SECURITY MAINTENANCE

a. The TIS Extended Security function was developed to provide extended application or screen level security. The TIS Extended Security function was developed as standard TIS application for use by any system.-This function is used by most on-line, real-time MOCAS applications to determine if a user is unauthorized to perform a requested function.

b. Additionally, in order to provide the Security Representatives with a quicker method of authorizing MOCAS users the hundreds of functions required by some MOCAS applications, the Extended Security Authorization is used. The Extended Security Authorization application provides the means for mass maintenance of extended security information based upon authorization profiles. Each authorization profile indicates the authorizations required for a specific type of business function, such as support contract maintenance or inventory maintenance. The Extended Security Authorization application then allows the addition or deletion of business function authorization for everything in a profile for from 1 to 16 users at a time. The files updated by this Extended Security Authorization application are part of the TIS Extended Security System. Maintenance of single authorizations for users is available through the TIS Extended Security System.

c. Although not specifically related to security, the Response Time Statistics function provides system users with data related to the length of time required to complete certain on-line, real-time applications. This application was developed to track and provide response time statistics for the New Contract Interactive process, the Modification and Correction Interactive process, the Summary Edit process and the DD250 Processing application. Start times, completion times (which contain a built in 8 second communication delay) along with information required to identify the type of transaction are available on both on-line and hard copy reports.



8.4 INPUT DISTRIBUTION

a. The Input Distribution function is the "traffic cop" of the Mechanization of Contract Administration System (MOCAS). It provides a means of accepting and distributing (to other batch functions) data from various activities. Data from Defense Contract Management locations (such as Notice of Last Actions and progress payment) and from the Defense Finance and Accounting Services Contractor payment locations (such as invoices, disbursements and cash transactions) are intercepted. Additionally, data are received and processed from external activities. For example MILSCAP abstracts from purchasing offices, address changes from DLSC and DASO and Destination Acceptance transactions from depots are received via AUTODIN; and DD250's and invoices are received from contractors via other electronic means. The data are screened, categorized, consolidated and related by source document (e.g., contracts, delivery and acceptance documents and invoices). The function then distributes the data accordingly and generates reports to identify the data received nightly.

8.5 ENTRY/EXIT PROCESSING

a. Various MOCAS functional subsystems generate data that is validated, formatted, and transmitted to the appropriate receiver by the Entry/Exit Processing subsystem application. The Entry/Exit Processing subsystem prepares MILSCAP transactions and narrative messages for subsequent transmission via the Automatic Digital Network (AUTODIN) communications system. The first 15 characters of the MILSCAP are used to correctly route data.

b. The Entry/Exit Processing subsystem first formats and sequences the input transactions. These transactions are either MILSCAP transactions that will be fed to other subsystems for further processing or printable output type character strings that are fed to report processing applications. Next, the Entry/Exit Processing subsystem validates the transactions against a Control File. As it validates it also extracts necessary data from the Control File to be added to the transaction records. The third phase of processing matches the transactions against a Routing Control File for transmission preparation. The final phase formats records according to the destination subsystem requirement. Actual transmission of the data to



destination sites is handled by the Message Accountability Delivery System.

8.6 DATA ENTRY

- a. The Mantis on-line data entry system allows the user to input transactions into user friendly, menu-driven screens. Various functional areas can be accessed on-line such as the Financial Reporting, Invoices, Disbursements, Progress Payments, and Accounting Classification for the Army, Navy, and Air Force and Electronic Funds Transfers (EFT). The System Administration function will also allow the user to update the various tables on-line.
- b. Control data entered on the menu screens are passed to subsequent screen. Screens include an error message field on the bottom line. All messages are stored in a table and can be easily updated on-line. If no errors occur, the data record is inserted or updated onto a single-entry file. All data entry programs will chain to the previous menu program when the exit function is selected. Once the data has been inserted or updated on the single-entry file, the records are stored on the file until processed in the batch cycle.

8.7 CLOSED CONTRACT DATABASE

- a. Closed Contract Database is an application used to store key records that compose a contract at the time a contract moves to CAR Section 5 (Administrative Closeout). If the contract is QFINAL (excess funds removal), it is rewritten to optical during the following cycle after funding has been removed. The contracts are written to magnetic disk on a server subsystem that is channel connected to the mainframe. Later that day the data is written to write once/read many (WORM) optical platters in an optical jukebox. A matrix of closed contracts is maintained in a database on the mainframe. This database contains information about the optical file that a contract was written to and the relative location within an optical file, where records for that contract are located. When facility records are deleted from the MOCAS Master Address File, these CAGE records are written to optical disk as well.



b. When a contract is reopened, any records from that contract that have been deleted from MOCAS are recovered from optical overnight and loaded back into MOCAS. If the CAGE no longer exists, it is reloaded as well. There is also an inquiry database that is used to hold closed contracts that are recalled overnight for temporary inquiry. These contracts are maintained in the inquiry database for 14 days, unless reopened. The user can extend the purge date. Closed Contract Inquiry contains contract inquiry programs that function like MOCAS inquiry programs, but access only the Closed Contract Inquiry Database.



8.8 SHARED DATA WAREHOUSE (SDW)

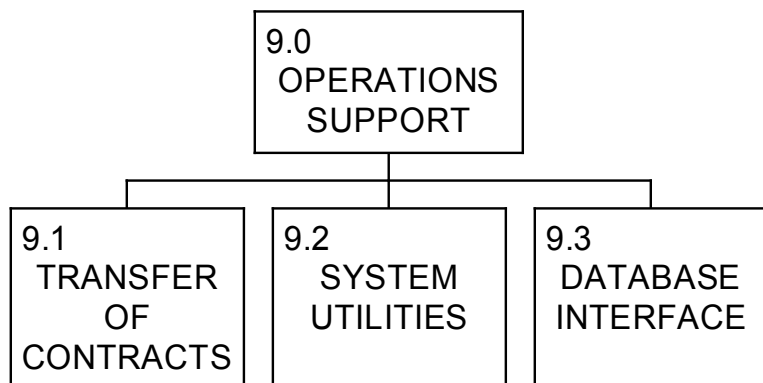
a. The Shared Data Warehouse is an ORACLE based Inquiry System, that MOCAS directly updates on a daily basis through the a process called Forward Bridging, it is also periodically updated by the Mass Load Process which is a complete refresh. The system consists of a number of databases: O7M, OLTP, OLAP, EDI and an Error Log.

b. Data from the PRIME Database files and the Invoice file are based through the bridge either in real time for on-line transactions or grouped during the batch process to the O7M and OLTP for processing to the OLAP, which is updated twice in a 24- hour period. This means the data can be from 12 to 36 hours behind MOCAS. Also based on the SDW Rules there are times when the data from MOCAS doesn't match SDW, This data is written to the Error Log and is viewable through the METS application. When the integrity of the SDW Database drops below 99.5% a Mass Load is scheduled to refresh the data.

c. Tables for ad-hoc queries and a number of canned reports have been produced for the System using the COGNOS Impromptu product. Also a number of the canned queries have been rewritten in Discover and put on the web. SDW is also accessed by the DCMA ALERTS sysem and the DCMA Integrated Data Base, an oracle database using Oracle Discover tools. All of these use MOCAS data through the SDW to replace or augment historical MOCAS reports.



9.0 OPERATIONS SUPPORT



9.1 TRANSFER OF CONTRACTS

a. The transfer of Contracts is defined as a group of programs designed to accomplish manipulations to contracts at the data base record level.

b. The simplest function is the change of Contracting Area Office/Organization (CAO/ORG) assignment of contracts on an in-house prime data base. Contracts remain resident in the data base of origin. Selection of contracts can occur at three levels. An entire CAO/ORG group can be reassigned to a new CAO/ORG designation. Also, a Contractor and Government Entity (CAGE) is selected and all contracts for that Contractor are reassigned. Selection can also be made at the contract level.

c. Contracts can be moved from the data base of origin to a new target data base (one district to another district). Contract selection is typically made at either the CAO/ORG level or at the CAGE level. Selection can also be made at the contract level. All contractual data is removed from the sending Organization data base and is added to the receiving Organization data base. All contractual data consists of the basic contract administration data, financial records, line item record, shipment schedules, provisioning requirements and contractual clauses/modifications. CAO/ORG assignments can be changed during the data transfer.



d. In addition, to the movement of contract data, Quality Assurance Management Information System (QAMIS) and Quality Assurance Material Deficiency Reporting (QAMDR) data can be moved at CAGE or ORG level, Quality Assurance Technical (QATECH) data can be moved at ORG or Quality Assurance Representative level, Government Bill of Ladings (GOBILS) can be moved at CAGE or Cognizant Transportation Office (CTO) level, and Contract Audit can be moved at ORG level.

9.2 SYSTEM UTILITIES

a. Utilities most commonly used in the Mechanization of Contract Administration Services (MOCAS) come from three sources: those locally written to address specific situations within the MOCAS environment; those supplied by Technology, which address a more expanded audience of problems common to users of the DLA Systems Automation Center (DSAC) supplied Automated Information Systems (AIS's); Vendor supplied utilities obtained by contractual means.

b. The most powerful of the system utilities used by MOCAS are those supplied by vendors. These function primarily as investigative tools to highlight malfunctions in the AIS process or to manipulate data to satisfy unique processing requests.

c. Utilities supplied by Technology often service needs not addressed by vendor software that might be unique to DSAC AIS applications. Their presence is sprinkled throughout MOCAS processing, both batch and on-line. Host languages vary from Second Generation Language (2GL) to Fourth Generation Language (4GL). Execution platforms include all three tiers (Mainframe, Mid-tier, or PC).

d. MOCAS prepared utilities address needs specific to MOCAS and usually involve data base extraction and/or update.



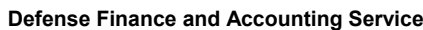
9.3 DATABASE INTERFACE

a. The MOCAS database cluster is currently composed of 372 database files linked together functionally and physically. Users interface with the database thru seven functional divisions: QAMIS, QAMDR, QATECH, CLOSD, RDFDI, ENTRY, and PRIME.

b. The highest level of database definition is a set of system level database files collectively called the directory. All user interface with the database is directly or indirectly through the directory.

c. On-line users are provided access through entities called libraries and views. Libraries are established along functional requirement guidelines. Security restricts user access. Available views define what data has visibility to which user(s) and what functions can be performed on that data.

d. Batch functions interface with the database using a piece of software called DATBAS. The type of access through DATBAS is controlled via environment definition.





- ◆ **Hardware** (Hewlett Packard HP9000 servers):
 - T600
 - K570
 - I70
- ◆ **Operating System:** UNIX, HP UX 10.20
- ◆ **Database Management System:** Oracle 9.2
- ◆ **Reporting/Query Tools:**
 - Oracle Web version 3.0.3
 - COGNOS version 6.0

SDW Forward Technical Bridge

The SDW Forward Bridge subsystem consists of five major components: Change Detection, Heterogeneous Transport, Homogeneous Transport, Operations, and Mediation.

- ◆ **Change Detection:** This component detects impacts to the host database (MOCAS) based on logical units of work (LUW) and prepares them for reliable transport.
- ◆ **Heterogeneous Transport:** This component reliably transports data from MOCAS on the mainframe, to the Mediator hosted on UNIX midrange systems and deletes them from storage in the source.
- ◆ **Homogeneous Transport:** This component reliably transports impacts within a LUW from the Mediator to the OLTP, and deletes them from storage in the source.
- ◆ **Operations:** This component provides a minimal, but important, capability to startup and shutdown system components in an orderly fashion, and collect basic performance data including process status and error messages.
- ◆ **Mediation:** This component transforms data from the MOCAS representation to that of the target OLTP database, and detects update conflicts that are the simultaneous impacts to duplicate representations of a single data structure maintaining the SDW-OLTP.

Files included in this portion of the baseline reside on the Defense Mega-Center (DMC) SAC0 mainframe and HP15 midrange computer, as well as the DSDC K400.

EC/EDI

The EC/EDI subsystem consists of one major component: EC/EDI. This component provides an interface between external electronic sources of contracting data and the MOCAS Batch Front- End subsystem by performing the following functions:

- ◆ Maps incoming transactions to OLTP database format
- ◆ Retrieves MOCAS batch front-end validation results
- ◆ Filters incoming transactions based on validation results
- ◆ Updates the EC/EDI database with the filtered transactions

Files included in this portion of the baseline reside on the DMC SAC0 mainframe and HP4 midrange computer, as well as the DSDC K400.



SDW Mass Load

The SDW Mass Load subsystem consists of two major components: Mass Load and Balancing.

- ◆ Mass Load. This component provides a mechanism for the reloading of the entire SDW OLTP and Mediator databases via data extraction and migration from the MOCAS database.
- ◆ Balancing. This component assists in identifying whether the OLTP and MOCAS databases are synchronized, by reporting total counts of various contracting data items.

Files included in this portion of the baseline reside on the DMC HP14 midrange computer.

Query (COGNOS/IMPROMPTU)

The SDW Query subsystem consists of SQL Statements. Driven by SQL statements, query results are displayed via a graphical user interface, COGNOS/IMPROMPTU. COGNOS provides the following capabilities:

- ◆ Generates standard pre-defined reports
- ◆ Generates ad-hoc, custom reports
- ◆ Provides menus for navigation within the SDW Query subsystem
- ◆ Provides data-analytical OLAP catalogs

**COTS Tools (SDW)**

Product	Vendor	Version
Impromptu	Cognos	5.0,6.0
SNAPplus2	HP	5.1
HP DCE/9000	HP	1.5
Encina	IBM/Transarc	2.5
Oracle	Oracle	8.0.5
HP-UX OS	HP	10.2
CICS	IBM	4.1
VTAM	IBM	4.3
SUPRA	Cincom	1.3.5
SQLNET	Oracle	2.3.2.1.6
Portfolio	Cognos	5.1
Visual Basic	Microsoft	5
ScriptEditor	Cognos	5.01, 6.0
Developer2000 Forms	Oracle	5.0.5.4.0
Developer2000 Reports	Oracle	3.0.4.6.3
Extract	ETI	4.02
Solaris OS	SUN	2.5
OS/390 MVS/ESA	IBM	5.2R1.2

Figure SDW-1: COTS Tools (SDW)

**GOTS Tools (SDW)**

NAME	AGENCY	VERSION	DESCRIPTION OF HOW USED
Mediator	DCMA		Transfer/translate data from 07M to OLTP within SDW
Balancing			Verifies record counts and dollars against MOCAS. Produces a report that can be compared to MOCAS.
Dispatcher			Sends data from Mainframe through the bridge to UNIX system within SDW.
Sweeper			Data Transfer from logs
Re-sync			Restores/re-syncs data to match MOCAS
Change Detector			Monitors data changes within the Bridge and then sends the data.
METS			Manipulates Bridge tables and Mediator rules. Looks at failed tables and shows transaction that produced the error and what it found.
Verify			Checks changes made to the OLTP. It's basically a bunch of Impromptu reports that look like MOCAS tables using joins. They are used to verify the data before it gets sent to OLAP.
OLAP Build			Programs, Scripts to build and repair the OLAP process
Mass-load			Scripts/Programs to Load SDW
Data Sharing			Web App to allow Contractors pull their own data
Trend			Programs which build OLAP dimensions
SDW user Maint			Maintains SDW users, profiles, permissions, passwords, etc.
SDW Web Reports			Web App developed to mimic Impromptu reports.
DBA Scripts			Monitor file sizes and Usage. Used as basis for performance tuning, tracking user problems, and identifying security issues.
Med Scripts			Monitors Bridge activity on the Unix machine
Status			Web app which reports MOC activity
Spawn			Initiates and Tracks Parallel Processes

Figure SDW-2: GOTS Tools